PROPOSED INTEGRATION OF THE MILITARY TRAFFIC MANAGEMENT COMMAND AND THE MILITARY SEALIFT COMMAND INTO A UNIFIED COMMAND

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BEFORE THE

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CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

	Page
Carlucci, Hon. Frank C, III., Deputy Secretary of Defense, accompanied by Lt. Gen. James E. Dalton, USAF, Director, Joint Staff; Vice Adm. Kent J. Carroll, USN, Commander, Military Sealift Command; and Maj. Gen. John D. Bruen, USA, Commander, Military Traffic Management Command	2
Dalton, Lt. Gen. James E., USAF, Director Joint Staff, Organization of the Joint Chiefs of Staff	7
Bruen, Maj. Gen. John D., USA, Commander Military Traffic Management Command	9
Carroll, Vice Adm. Kent J., USN, Commander, Military Sealift Command	22

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THURSDAY, JUNE 17, 1982

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

The committee met in executive session at 10:35 a.m., pursuant to notice, in room 212, Russell Senate Office Building, Senator John Tower, chairman, presiding.

Present: Senators Tower, Goldwater, and Levin.

Staff present: Rhett B. Dawson, staff director and chief counsel; Francis J. Sullivan, minority staff director; Christine E. Cowart, chief clerk; Robert S. Dotson, Frank J. Gaffney, George K. Johnson, Jr., James R. Locher III, David S. Lyles, José E. Martinez, Patrick L. Renehan and James C. Smith, professional staff members; Mary Shields, research assistant; and Marie Fabrizio Dickinson and Jacquie S. O'Grady, staff assistants.

Also present: Dennis P. Sharon, assistant to Senator Goldwater; Buzz Hefti, assistant to Senator Warner; George Kohl, assistant to Senator Humphrey; Jim Dykstra, assistant to Senator Cohen, Jon Etherton, assistant to Senator Jepsen; Paul Schreiber, assistant to Senator Denton; Colleen Getz, assistant to Senator Brady; Frank Krebs, assistant to Senator Cannon; Gray Armistead, assistant to Senator Byrd; Greg Pallas, assistant to Senator Exon; and Peter Lennon, assistant to Senator Levin.

OPENING STATEMENT BY SENATOR JOHN TOWER, CHAIRMAN

Chairman TOWER. During review of the defense authorization request for fiscal year 1983 it came to the attention of this committee that the Department of Defense was considering the integration of the Military Traffic Management Command and the Military Sealift Command into a unified command. The elimination of these two major service commands raised a number of concerns within the committee.

Accordingly, the committee approved during markup a general provision in the defense authorization bill which prohibited consolidation of any of the functions of the three military transportation commands. This general provision also requested a report from the Secretary of Defense on the various management and cost issues associated with any contemplated consolidation.

The requested report, which was received by the committee on May 3, 1982, answers a number of the committee's questions.

All organizational arrangements have advantages and disadvantages. Many of the benefits of the proposed consolidation of the Mili-

tary Traffic Management Command and the Military Sealift Command are obvious. The committee is concerned, however, about a number of apparent disadvantages. Key among these is the weakening of the link between the Departments of the Army and the Navy—who will continue to provide the necessary resources—and the surface transportation function.

The commitment of the Army and the Navy to their transportation responsibilities has traditionally been weak. Renewed interest has been shown in recent years. The committee is apprehensive that this new organizational arrangement may serve to dampen this new emphasis and may affect the allocation of necessary resources to programs for the enhancement of surface transportation capabilities.

The committee is also concerned about the impact of this new arrangement on the ability of the Naval Fleet Auxiliary Force's ships operated currently by the Military Sealift Command to continue to meet the needs of the Navy's operating fleets.

On behalf of the committee I would like to extend a sincere welcome to the witnesses for today's hearing: the Honorable Frank C. Carlucci, Deputy Secretary of Defense; Lieutenant General Dalton, Director of the Joint Staff; Vice Admiral Carroll, Commander of the Military Sealift Command; and Major General Bruen, Commander of the Military Traffic Management Command.

The committee is anxious to hear your testimony on this important management issue.

I believe it would be useful to have at least a brief oral statement by each witness before proceeding to questioning.

Secretary Carlucci, would you please proceed to present your oral statement.

STATEMENT OF HON. FRANK C. CARLUCCI III, DEPUTY SECRETARY OF DEFENSE; ACCOMPANIED BY LT. GEN. JAMES E. DALTON, USAF, DIRECTOR, JOINT STAFF; VICE ADM. KENT J. CARROLL, USN, COMMANDER, MILITARY SEALIFT COMMAND; AND MAJ. GEN. JOHN D. BRUEN, USA, COMMANDER, MILITARY TRAFFIC MANAGEMENT COMMAND

Mr. CARLUCCI. Thank you, Mr. Chairman.

Both General Dalton and I have complete statements which, with your permission, we will submit for the record.

Chairman TOWER. We will include your statements in their entirety in the record. You may summarize as you choose.

Mr. CARLUCCI. Fine. We will summarize our statements. I do believe Admiral Carroll and General Bruen have prepared statements. They may desire to make statements, but they may just prefer to answer questions.

We appreciate the opportunity to come before you and explain our rationale for the creation of a Military Transportation Command. We have delayed implementation of this recommendation pending the completion of congressional review.

We do view with concern the language in the Senate authorization bill that would prohibit us from going ahead with this command

because we do believe that we have acted responsibly within the complete authority of the National Security Act.

We also feel that it is vital that we maintain the management flexibility in the logistics area required to improve readiness and achieve economies and efficiencies.

You referred to the report you requested, and you queried us on the need for a Military Transportation Command and the benefits. Essentially we can summarize them as follows:

Our surface transportation management structure is out of alinement with both defense and commercial transportation capabilities. Transportation systems have changed dramatically with the introduction of intermodal containers in large numbers. Shippers place cargo in containers at plants and depots and have them moved to a final destination without intermediate handling. Eighty percent of our defense cargo moves overseas in these intermodal containers, yet despite these changes our military organization retains outmoded distinction between sea and land transport.

We have two organizations managing the same shipment. This results in duplication of effort and inefficient use of transportation resources and reduces responsiveness to peacetime and wartime requirements. This has been amply documented in exercises such as Nifty Nugget and Proud Spirit and numerous studies, including congressional studies, demonstrating that the current organizational arrangements are an impediment to the rapid implementation of contingency plans.

It is for this reason that the Joint Chiefs recommended unanimously that we move forward with a full integration of the Military Traffic Management Command and the Military Sealift Command.

The benefits of this integration fall into two basic categories:

First and foremost, operational readiness; and, second, peacetime economies and efficiencies.

The readiness improvements, we believe, will be achieved by having a single point of contact for surface movements; by reducing the interfaces with the Joint Deployment Agency for planning and deployment; by slashing the time required to reschedule and redirect the flow of cargo in a crisis; by transitioning smoothly the peacetime transportation system to a wartime footing; and by increasing surface transportation responsive to national command authorities.

Economies and efficiencies can be brought about by eliminating one major command headquarters and four subordinate headquarters and by consolidating numerous field activities.

The JCS proposal preserves the traditional roles and missions of the military services. The Secretary of the Navy will continue to provide direction for sealift, the Naval Fleet Auxiliary Force and maritime matters.

In summary, Mr. Chairman, we think that operational readiness will be significantly improved if the Military Transportation Command is established and that we will enjoy the fruits of peacetime economies and efficiencies as well.

Mr. Chairman, we would like to move ahead with this organizational arrangement as soon as possible. The uncertainty created by the delay is causing problems in our system. We have hiring freezes,

and we are at a point in between; so we would hope that the committee would see its way quickly to give us some guidance in that area.

That concludes my remarks, Mr. Chairman.

[Prepared statement of Mr. Carlucci follows:]

PREPARED STATEMENT OF HON. FRANK C. CARLUCCI, DEPUTY SECRETARY OF DEFENSE

Mr. Chairman and members of the committee: Thank you for this opportunity to appear before you today to further explain our plans for establishing the Military Transportation Command. I have delayed implementation of this JCS recommendation pending the completion of congressional review. However, I am concerned about the lost opportunities for wartime readiness improvements and economies and efficiencies resulting from this delay. Planning for this new command has now reached an advanced stage. It is important that we proceed to implementation without further delay.

The Secretary and I view with alarm the language in the Senate version of the fiscal year 1983 DOD authorization bill that would prohibit us from establishing the Military Transportation Command, or, for that matter, transferring any functions between the existing DOD transportation commands. We acted on this matter within the authority provided the Secretary of Defense by the National Security Act of 1947 as amended in 1958. That Act authorizes the Secretary to provide for the performance of a supply or service activity common to more than one military department by one agency or such other organizations as he considers appropriate when he determines it will be more effective, economical or efficient.

It is vital that we retain the management flexibility to make those changes in the support area which are required to improve readiness to deploy in wartime as well as achieve economies and efficiencies in Defense operations. The Congress, the Comptroller General and we have recognized that there are management changes we must make in certain support areas that will not only improve war fighting capability, but also help offset some of the costs of needed upgrading in the manning, equipping and logistics support of our Armed Services. One of the most important and productive of these changes is the establishment of the Military Transportation Command. Important, because we need to make badly needed improvements in force deployment capabilities in wartime. Productive, because at the same time we improve readiness, we can save money by reducing overhead and by doing a better day-to-day transportation management job.

Last September I advised you by letter that I had approved a Joint Chiefs of Staff concept for integrating the Army's Military Traffic Management Command and the Navy's Military Sealift Command into a single command. The Joint Chiefs reached this recommendation after a thorough analysis of our current capability to deploy and logistically support our military forces in a contingency. They were unanimous in their determination that a single integrated command was an essential element in our efforts to improve joint mobility planning and deployment capability and the best means of improving management of surface transportation for the Department in peacetime and wartime.

The language in the Senate authorization bill includes a request for a report on the concerns of this committee with our transportation management integration plans. I provided you that report on May 3. I would like to take this opportunity to elaborate on the key points in that report.

You asked why we need a Military Transportation Command and what are the benefits. First, let me address the "why." Our current surface transportation management structure is simply out of alinement with the capabilities of both defense and commercial transportation systems capabilities. In this regard, it is important that this issue be viewed as a Defense-wide transportation management problem. Although certain important Service unique missions are involved, the principal mission of both of the commands being consolidated—MTMC and MSC—is to provide transportation support to all the Military Services and Defense Agencies. For example, 64 percent of the dry cargo carried by MSC supports Army forces in peacetime; in wartime this rises to 88 percent.

In the last 15 years, we have witnessed a revolution in freight transportation—a revolution that is not yet complete, but which has already transformed the character of the industry. Fifteen years ago the dry cargo U.S. flag merchant marine, rail, and motor carrier fleets were designed for cargo moving in a

breakbulk configuration—individual pieces, boxes or pallets. When there was a change in transportation mode, each individual piece or pallet was unloaded and reloaded—a time-consuming, labor intensive procedure. In the late 1960s all this began to change with the introduction of intermodal containers in large numbers. These were large vans similar to those hauled by over-the-road trucks but detachable from their chassis. These van-type containers could be transported by any mode without cargo rehandling. Soon after their introduction, ships, rail cars and truck chassis were being designed especially to handle containers. Today, specialized equipment predominates in the transport of all types of general freight. This unitization concept also fostered other innovations such as barge-carrying and roll-on/roll-off ships designed to handle all types of outside equipment as well as containers.

These hardware developments were quickly followed by management innovations directed at capitalizing on the productivity improvements made possible by containerization. Sophisticated communications, automation, and documentation simplification enabled a shipper—including Defense—to place cargo in a container at his plant or depot and have it moved by the original carrier to a final overseas destination without intermediate handling. The old distinctions between modes of transportation like ships and trucks no longer exist. Today, 80 percent of Defense cargo less ammunition and aircraft moves overseas in containers. Right now hundreds of containers are pre-positioned on ships in the Indian Ocean task force.

Due to these technological changes over the past two decades the commercial transportation industry operates today in a world of door-to-door movements. However, military transportation organization still retains outmoded, archaic distinctions between sea and land transport. We still have two organizations managing the same shipments. This results in duplication of effort, inefficient utilization of transportation resources, cumbersome multiple interfaces with shippers and reduced responsiveness to both peacetime movement requirements and wartime deployments—and I emphasize wartime. We must never forget that the same intermodal systems that we use in peacetime must also be used in wartime.

Our experience in JCS mobilization exercises like Nifty Nugget and Proud Spirit; studies by the Congress, General Accounting Office and independent contractors, and day-to-day operating experience have shown clearly that the cumbersome coordination mechanisms necessitated by our current organization for surface transportation management are a major impediment to the rapid implementation of our contingency plans. For this reason, the JCS recommended unanimously that we move forward with the full integration of MTMC and MSC.

Let's look at the benefits of this integration. They fall into two basic categories—first and foremost, operational readiness and secondly, peacetime efficiencies and economies.

Major improvements in operational readiness will be achieved—

By establishing a single strategic surface transportation system with one command and one commander;

By providing our theater commanders a single point of contact for surface movements of military forces and supplies;

By reducing the number of interfaces with the Joint Deployment Agency for contingency planning and the management of deployments;

By optimizing total flow from origin to destination rather than segments of the transportation system;

By slashing the time required to prepare and redirect wartime operations plans and reschedule and redirect the flow of cargo in a crisis;

By establishing a single surface transportation industry interface;

By making it possible to transition smoothly the peacetime transportation systems to a wartime footing;

By providing total origin to destination cargo visibility through a single ADP system; and finally

By increasing surface transportation responsiveness to National Command Authorities to a level comparable to that already achieved in the airlift system with the Military Airlift Command.

We will get all these readiness benefits and, as a bonus, peacetime economies and efficiencies. With Defense sealift, traffic management, land transportation and ocean terminal operations under a single command, we will realize the full benefits of intermodal container services; speak with a single voice to the sur-

96-948 O - 82 - 2

face transportation industry in the negotiations of rates and terms of transportation services; and reduce order and ship time for DOD materiel. Integration of the infrastructure of the two commands will enable us to eliminate one major command headquarters and four subordinate headquarters, and consolidate numerous subordinate field activities. The savings in personnel spaces and associated overhead alone should exceed $10 million annually. Additional savings will be realized by eliminating the requirement to maintain and enhance the automated systems of two separate commands to meet peacetime management needs and the requirements of the joint deployment system.

Several of this committee's concerns with this command integration relate to its possible impact on Service unique requirements such as Navy fleet support and shipbuilding, repair and maintenance; and the Army's overland and ocean terminal needs.

The JCS proposal achieves the major benefits I have just summarized and, at the same time, preserves the traditional roles and missions of the Military Services and the integrity of the traffic management and sealift functions. The Commander of the Military Transportation Command will be responsible through the JCS to the Secretary of Defense for contingency planning and execution in exercises, crises and war. Service Secretaries, however, will continue to play a role in the new command. The Secretary of the Navy will provide direction for sealift, the Naval Fleet Auxiliary Force, and maritime matters. For example, policy guidance for ship repair and maintenance, ship operations in peace and war, and acquisition of new ships would come from the Secretary of the Navy. The Secretary of the Army will provide direction for land transportation and ocean terminal financial matters, readiness, and support policies.

The integration will in no way degrade Navy control of ship operations in either peace or war. The Secretary of the Navy will continue to submit the annual budget, plans and programs in support of sealift and provide the single interface with the Maritime Administration for all policy matters regarding ocean transportation, shipbuilding and sealift readiness. The Commander of the Military Transportation Command will be his agent for sealift functions, including operations, maritime labor affairs, acquisition policy and financial matters associated with these functions; the Naval Fleet Auxiliary Force, scientific support ships, and maritime affairs in general. This includes those maritime responsibilities established by the Merchant Marine Act of 1936 and other statutes.

It is important to understand that the MTC will be operating what are essentially two categories of ships: (1) those that provide resupply and force deployment support to all the Military Services; and (2) those auxiliaries dedicated to fleet support of the Navy—oilers and supply ships. The fleet auxiliaries are always under the operational control of the combat fleet commanders they are supporting. The current MSC function is limited to administrative control, manning and maintenance. The MTC would assume responsibility for performing these functions for the Navy. The MTC, in the character of other joint commands, would provide a sealift support service to all Military Services and other Defense and Government agencies on a reimbursable basis.

The JCS Implementation Plan provides that a Navy admiral on the MTC staff will always be in charge of ship operations and sealift matters. The commander of the Military Transportation Command will be a Navy vice admiral or an Army lieutenant general to be nominated by the JCS and approved by the Secretary of Defense. The deputy commander will be of two-star rank and of the opposite Service (Army or Navy) from the commander.

Before I conclude, I would like to cover one final point—the relationship between the Military Transportation Command and the Joint Deployment Agency or JDA. As you know, the JDA was created in 1979 after the experience we gained in mobilization exercises indicated that the JCS needed an agent to coordinate the planning and execution of deployments. The mission of the JDA cuts across the spectrum of logistics activities required to accomplish deployment planning and execution. It functions as focal point for deployment information and an agent for the JCS as well as the theater commander—it is not an operator of transport resources and facilities. The MTC will be the surface transportation operator just as MAC is the airlift operator. In planning, during a deployment and when sustaining deployed forces, MAC and the MTC will take their guidance from the JCS with regard to priorities for allocation of air and surface lift. JDA will adjust movement plans, schedules and modes of transport within JCS guidance and will direct implementation of deployment related decisions, and MTC and MAC will then execute these priorities and allocations. With the MTC, the

JDA workload will be reduced and we will save the expense of maintaining two computer based systems to support contingency planning for wartime use of the surface transportation system. Thus, one of the major benefits of the MTC will be improved contingency planning.

In summary, operational readiness would be significantly improved if the MTC is established. At the same time, peacetime economies and efficiencies will be realized. The Secretary and I are convinced of the need for the Military Transportation Command as are the Joint Chiefs of Staff. We would like to proceed with our plans for establishing the command as soon as possible. Each day of delay degrades readiness and costs money.

Senator TOWER. General Dalton?

STATEMENT OF LT. GEN. JAMES E. DALTON, USAF, DIRECTOR JOINT STAFF, ORGANIZATION OF THE JOINT CHIEFS OF STAFF

General DALTON. Mr. Chairman, I would like to cover four points, briefly:

One, in all the efforts that were conducted on behalf of the Joint Chiefs of Staff, JCS, our focus throughout the effort with the special task force as well as the steering committee, was on the ability of the transportation operating agencies to transition from peace to war and support the field commanders.

The task force assembled by the JCS consisted of individuals from the Joint Staff and services with long career experience in the field of transportation, ADP, operational planning and the like. That task force was unanimous in its recommendation to the JCS that this integration take place.

On two occasions, the first in July 1981, and the second in February of 1982, the Joint Chiefs of Staff unanimously recommended to the Secretary of Defense that this integration take place.

We believe it is an important and essential step in improving our ability to support our commanders in the field, both in peacetime and, more importantly, in wartime.

Thank you, sir.

[Prepared statement of General Dalton follows:]

PREPARED STATEMENT OF LT. GEN. JAMES E. DALTON, USAF, DIRECTOR, JOINT STAFF, ORGANIZATION OF THE JOINT CHIEFS OF STAFF

I appreciate the opportunity to testify on the subject of the proposed MTMC and MSC integration and to relate to you the process by which the Joint Chiefs of Staff determined that the integration of MTMC and MSC would significantly improve our capability to transition from peace to war and support wartime deployments.

The Deputy Secretary of Defense asked the Joint Chiefs of Staff to establish and lead a joint Service task force to develop a plan for strengthening the Joint Deployment Agency (JDA) and establishing the organizational and procedural framework for mobility planning, deployments, and transportation management.

A full time Special Task Force, made up of representatives from the Joint Staff and each of the Services, began this effort in early June 1981. At that time I was the Commandant of the Industrial College of the Armed Forces and the Joint Chiefs of Staff asked me to lead that effort. The individual task force members were experienced in transportation, organizational policy, operational planning, and ADP information systems. Because JDA functions in a wartime deployment environment as well as in peacetime planning, it became clear at the outset that strategic transportation to support deployments must be examined from a wartime perspective, including the transition from peace to war. In examining the total planning and execution procedures the task force determined steps that could be taken to strengthen the JDA and that the surface transportation system

was not as effective and responsive to the supported commanders in chief (CINCs) as it should be.

The Special Task Force report to the Joint Chiefs of Staff thus contained two basic recommendations:

Revise the charter of the JDA to give it greater authority and responsibility to better support the JCS and supported CINC's.

Integrate MTMC and MSC into a single command, reporting to the Secretary of Defense through the Joint Chiefs of Staff and responsible for the strategic surface transportation system.

The Joint Chiefs of Staff unanimously agreed with these recommendations and endorsed them to the Deputy Secretary of Defense. The Joint Chiefs of Staff approved and implemented a new charter for the JDA. The Deputy Secretary of Defense requested that the Joint Chiefs of Staff develop an implementation plan establishing a timetable leading to the integration of MTMC and MSC by October 1, 1982.

To assist in developing the implementation plan, the Deputy Secretary requested that a senior level steering group chaired by OJCS be established consisting of representatives from OSD, the Service Secretaries, and the Military Services. The Deputy Secretary also requested that the Special Task Force be expanded to include representatives from MTMC and MSC, and other DOD activities as required. As the Director of the Joint Staff, I served as chairman of the steering group.

The Joint Chiefs of Staff reviewed the implementation plan in January 1982. On February 3, 1982, they forwarded the implementation plan to the Deputy Secretary and unanimously reaffirmed the need to integrate MTMC and MSC. There was only one aspect of the implementation plan where views differed. The Joint Chiefs of Staff, less the Chief of Naval Operations (CNO) and the Commandant of the Marine Corps (CMC), endorsed the entire plan. The CNO and CMC recommended an alternate method of industrially funding the new command. And, in fact, the funding arrangement now planned for the command is that proposed by the CNO and supported by the CMC.

I would note that General Starry, CINC US Readiness Command, testified in May to the House Appropriations Committee that the integration would benefit him in his role as Director of the Joint Deployment Agency.

In closing I would like to restate that on two separate occasions the Joint Chiefs of Staff concluded that there would be significant enhancement in our ability to plan, deploy and support combat forces by integrating the two commands. The fundamental issue is creation of a surface transportation system which will be responsive to the theater commander's requirements during dynamic, wartime situations as well as in peacetime.

Chairman TOWER. Thank you, General.

Any further statements?

Mr. CARLUCCI. No.

Chairman TOWER. Mr. Goldwater?

Senator GOLDWATER. I have no questions. I think it is a long overdue move.

Chairman TOWER. There is concern about the weakening of the link between the Departments of the Army and the Navy and the proposed Military Transportation Command and the unified command operating in joint areas. You touched on that, Mr. Secretary.

Let me further ask, to what extent are you worried about the possibility of potential impact on surface support and the important investment in surface transportation programs?

Mr. CARLUCCI. Mr. Chairman. I am not concerned about that possibility. Indeed I think this consolidation could lead to further emphasis on the whole area of logistics support.

The Military Transportation Command would receive appropriate guidance from the respective Service Secretaries. The Secretary of the Navy, for example, would provide direction for sealift, the Naval Fleet Auxiliary Force and maritime matters.

This organizational arrangement would in no way degrade his control of ship operations in either peace or war.

Similarly, the Secretary of the Army would provide guidance to the Military Transportation Command for land transportation and ocean common user terminal financial matters, readiness, and support policies.

Perhaps General Bruen and Admiral Carroll can elaborate on how they would see it.

STATEMENT OF MAJ. GEN. JOHN D. BRUEN, USA, COMMANDER MILITARY TRAFFIC MANAGEMENT COMMAND

General BRUEN. Sir, last October, for example, we merged offering, booking and contract administration for containers, the control of those containers, with significant savings.

I see the merger now as doing nothing more than continuing on with that, because I think we will see very significant efficiencies.

I believe that the JCS proposal consolidates traffic management and sealift by placing the total responsibility under one commander, and it maintains the balance between the two functions of traffic management and sealift.

I don't think there will be any increase in personnel. I truly believe there will be savings.

[Prepared statement of General Bruen follows:]

PREPARED STATEMENT OF MAJ. GEN. JOHN D. BRUEN, USA

CENTRAL TRAFFIC MANAGEMENT

Introduction

Thank you. Mr. Chairman and Gentlemen. I am Major General John Bruen, Commander of the Military Traffic Management Command (MTMC). I have been the commander since June 1, 1979, and have been a transportation officer since 1956. Prior to that time I was an infantry officer and enlisted man. We are here today in response to your request for information about the MTMC organization, functions and responsibilities. We have prepared a summarized chart presentation for you, and will provide a copy for the record. I will be happy to answer any questions you may have following the presentation.

Scope of operations

We are responsible—origin to destination—for military traffic, land transportation, intermodal containers and common-user ocean terminals which includes the documentation and ship manifesting of all surface cargo. The movement of cargo and people within CONUS by all modes and the worldwide movement and storage of personal property for all the services.

As DOD's traffic manager we significantly influence the $8 billion transportation budget through direct negotiations with about 7,000 carriers for tenders/tariffs/contracts used for shipments made by the Services.

Since we are involved in the movement of people and cargo within the U.S. and to overseas areas. We must use a total system approach that concentrates on intermodal operations and eliminates fragmentation between organizations and modes. This total systems approach parallels many companies in private industry that recognize the need for management control over traditional mode dominance. Mr. Harold Hall, president and chief executive officer of the Southern Railway System recently stated that the basic objective of a total transportation system would be to offer door-to-door freight service. With several modes at its disposal you have both the opportunity and the incentive to choose the best combination of service to move a customer's freight origin to destination. We are not a mode operator and favor no mode over another. We have no organic fleets of transport equipment other than about 2,800 rail cars which we manage for all services. Because MTMC is oriented towards management rather than mode operations

we are in the best possible position to negotiate with all the carriers. Evaluate the trade-offs and make recommendations to our customers which they are then responsible for implementating.

If we look to industry we find a current trend to intermodal mergers.

Traffic management—Defined

We perform the traditional role of a central traffic manager as defined by JCS and employ cargo lift owned and operated by the other transportation operating agencies (TOAS) and by the commercial transportation industry. The definition is generally accepted by the military, industry and academia.

DEFINITION OF TRAFFIC MANAGEMENT

"The direction, control, and supervision of all functions incident to the procurement and use of freight and passenger transportation services." (Source: JCS Pub 1).

MTMC organization

Briefly, our headquarters is in the Washington, D.C., area with field offices located worldwide. The DOD directive for the MTMC charter directs that the military traffic management command be jointly staffed to provide traffic management for all the Services. Our vice commander is an Air Force general. The deputy commander is a Navy flag billet, and 24 percent of our officers are other than Army. I am the executive director for the Secretary of the Army to execute the mission responsibilities. Army provides the resources the same as Air Force and Navy do for Military Airlift Command and Military Sealift Command, respectively. The common-user ports are an Army mission and overseas ports are staffed by Department of Army military and civilians as well as local nationals.

Origin to destination missions

Our single-manager functions are interrelated with the roles and missions of all the Services. Traffic management necessarily crosses service lines and includes all aspects of freight, passenger and personal property movement; I'll discuss some here and talk in detail of others in later charts. The Transportation Engineering Agency (TEA), near the Army's Transportation Center at Fort Eustis, is the operating agency that supports MTMC's role as land transportability agent for the Department of Defense. By working with materiel developers, users, and defense contractors during equipment design, TEA's engineers assure that new weapons and equipment can be transported efficiently—by any mode worldwide. TEA also provides traffic studies and engineering services to the Army, Navy, Marines, and Air Force.

The MTMC programs for national defense are essential to ensure that the Nation's port facilities and transportation networks critical to national defense are identified, retained, and maintained in a ready-use state. We have analyzed capabilities for ports, highways, rail, inland waterways and pipelines.

Our passenger traffic directorate is responsible for defense passenger movements within CONUS by all modes, and for all Army passenger movements worldwide. The commercial air industry cooperated with us to establish a 50-percent furlough fare program for military on leave. The unique feature of the current program is that seats are reserved and not standby as it was many years ago.

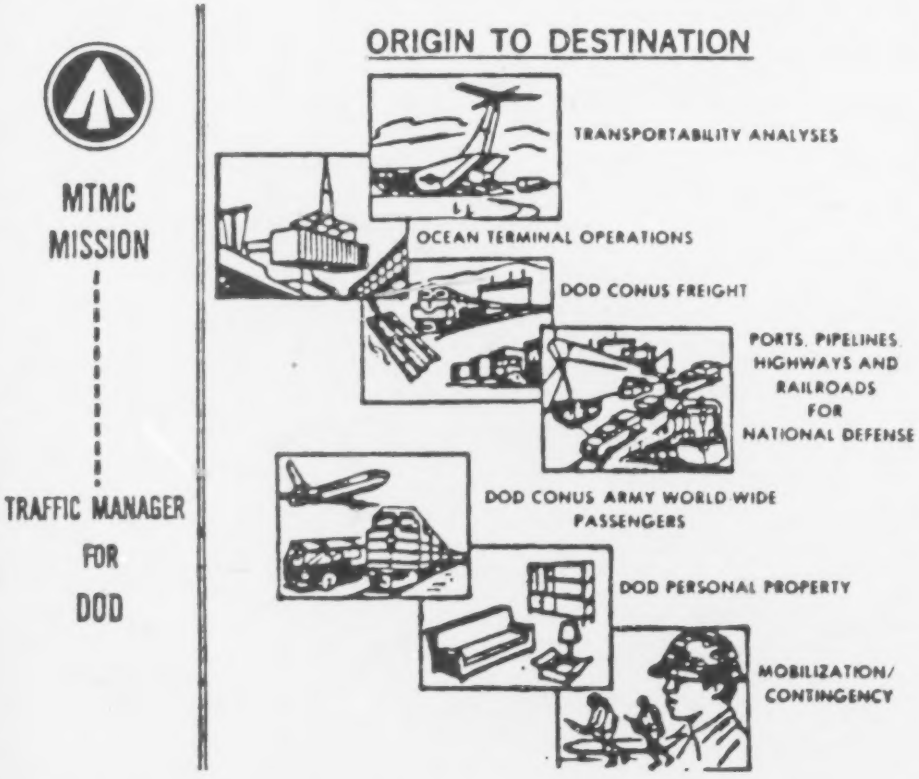
This program is very important since it permits our young military to afford air travel after they complete basic and advance training. It also shows that America's transportation industry supports the military. We believe this program is materially helping to improve the retention and reenlistment rates. In fact, we are currently negotiating with the bus industry to develop a similar program.

MTMC controls the movement of DOD passengers in groups of 21 or more by all modes. We also establish and maintain passenger standing route orders primarily for recruit travel originating at 69 military enlistment processing stations. In fiscal year 1981, we moved approximately 800,000 passengers on the air, bus and rail systems.

MTMC is responsible for the technical direction, supervision, and evaluation of the traffic management aspects of the DOD worldwide personal property moving and storage program. Expenditures for these services in fiscal year 1981 exceeded $1 billion and most oversea shipments are made on U.S.-flag ships. In wartime this ship's space is available for movement of unit equipment and resupply operations.

But cost is not the only issue. With over 700,000 shipments each year the quality of service provided our members is paramount. It has been recognized for some time that the quality of personal property moves has a direct impact on the quality of life for service members. Effective management of the program, contributes significantly to individual morale and the reenlistment and retention programs of the military services and MTMC has several quality assurance programs to improve service. While not yet perfect by any means, We note with pride that the service provided to our members exceeds that reported by the ICC for civilians moving in the commercial arena.

MTMC is, therefore, responsible for policy, procedures and program improvement while the military services, through their 300 personal property shipping offices around the world, are responsible for the day-to-day operation of the program.



Major functions—Peace and war

The next two charts summarize major MTMC functions. We do the same job in peace and war and are therefore in a constant state of training to be fully prepared. Our mission and organizational structure remain the same, only our strength figures change. * * * Please note that many functions are performed for all of DOD.

MAJOR MTMC FUNCTIONS

PEACE	WAR
ADMINISTRATIVE SUPPORT	NO CHANGE
PLANS	NO CHANGE
FINANCIAL MANAGEMENT	NO CHANGE
PROCUREMENT	NO CHANGE
PERSONAL PROPERTY AND STORAGE FOR DOD	MINIMAL
JDA LIAISON	NO CHANGE
RESERVE COMPONENTS	NO CHANGE
INLAND TRANSPORTATION FOR DOD	
NEGOTIATIONS	NO CHANGE
RATES AND ROUTES (MODE DETERMINATION,	NO CHANGE
DFRIF	NO CHANGE
FOREIGN MILITARY SALES	NO CHANGE
COMMERCIAL AIR CARGO CHARTERS	NO CHANGE
CONTINGENCY RESPONSE PROGRAM	NO CHANGE
INTERNATIONAL TRANSPORTATION FOR DOD	
OCEAN TERMINAL OPERATIONS	NO CHANGE
CARGO DOCUMENTATION	NO CHANGE
SHIP MANIFESTING	NO CHANGE
CONTAINER MANAGEMENT	NO CHANGE
LOSS DAMAGE AND ASTRAY FREIGHT	NO CHANGE
OFFERING RELEASE AND ROUTING (MODE DETERMINATION)	NO CHANGE
PORT SELECTION	NO CHANGE
TRANSPORTATION ENGINEERING	
LAND TRANSPORTABILITY --DOD	NO CHANGE
FACILITIES ENGINEERING --ARMY	NO CHANGE
NATIONAL DEFENSE PROGRAMS	NO CHANGE

On this chart I would like to emphasize the all encompassing nature of our ADP effort. In fact about 35 percent of our computer operations time is consumed on behalf of MSC and Sealift operations. The only exceptions to performing the same functions in peace and war are in personal property where our people will be diverted to moving cargo instead of household goods and in the decrease in numbers of DOD teachers in wartime.

MAJOR MTMC FUNCTIONS

PEACE	WAR
AUTOMATIC DATA PROCESSING	
ADMINISTRATIVE SUPPORT	NO CHANGE
TRAFFIC MANAGEMENT (INLAND AND INTERNATIONAL	
TERMINAL MANAGEMENT SYSTEM	NO CHANGE
STANDARD PORT SYSTEM TIE-IN	NO CHANGE
PERSONAL PROPERTY SYSTEM	MINIMAL
PASSENGER TRAFFIC SYSTEM	NO CHANGE
PLANNING--MAPS II	NO CHANGE
EXECUTION (MOBILIZATION --WIN-JDS	NO CHANGE
PASSENGER MOVEMENTS	
CONUS	
GROUP MOVEMENT PROCUREMENT	NO CHANGE
RECRUIT OTHER REPETITIVE ROUTINGS	NO CHANGE
FARE SCHEDULE QUOTES	NO CHANGE
NEGOTIATION (ALL MODES)	NO CHANGE
WAR AIR SERVICE PROGRAM	NO CHANGE
CONTINGENCY RESPONSE (CORE)	NO CHANGE
SPECIAL ASSIGNMENT AIRLIFT MISSIONS (VALIDATION, ARMY	NO CHANGE
STRIKE COORDINATION	NO CHANGE
INTERNATIONAL	
FORECAST ARMY REQUIREMENTS	NO CHANGE
PORT CALL: GROUP MOVEMENTS	NO CHANGE
ARMY GENERAL OFFICERS	NO CHANGE
DOD TEACHERS	N A
SPECIAL ASSIGNMENT AIRLIFT MISSIONS VALIDATION - ARMY	NO CHANGE

NATO planning

In order to fulfill our worldwide responsibilities I am also designated as the alternate representative to the NATO Planning Board for European Inland Surface Transport (PBEIST). The PBEIST is one of the premanent planning boards (under the SCEPC (Senior Civil Emergency Planning Committee)) responsible for planning wartime organizational structures/procedures relating to European inland surface transportation. One of the key issues of interest to the United States is the predesignation of European commercial ports to receive shipments by Sealift for discharge of ammunition and obtaining ammunition waivers for these ports. A study is presently being conducted to assess the capabilities of each nation's ports to meet wartime ammunition movement requirements. This study is expected to be completed at the end of this calendar year.

Planning
Board
European
Inland
Surface
Transport

(PBEIST)

- ★ NATO BOARD — 15 NATIONS
- ★ CIVILIAN MILITARY REPS
- ★ US REPS DESIGNATED BY STATE DEPT
  - — PRIMARY: DIR, TRANS & DISTR POLICY, OASD (MRA&L)
  - — ALTERNATE: CDR, MTMC
- ★ BOARD MEETS SEMI-ANNUALLY AT NATO HQ, BRUSSELS IN OCT AND APR

Operating directorates

Within the headquarters in Washington, we have four functional or operating directorates. These are: Inland traffic, passenger traffic, personal property, and international traffic. I've already briefly discussed personal property and passenger traffic and will now concentrate on cargo movements and our planning initiatives.

Inland traffic

The inland traffic directorate exercises management control over the use of commercial transportation (all modes) within CONUS for the movement of defense freight. This includes selection of modes and carriers, as well as general negotiations with railroads, truck and barge lines, air carriers and pipelines. Although we have centralized management for surface movements over 10,000 pounds and air movements over 1,000 pounds in CONUS, operations are decentralized at the field level for implementation. This mean that MTMC, on behalf of all services, obtains savings through economies of scale.

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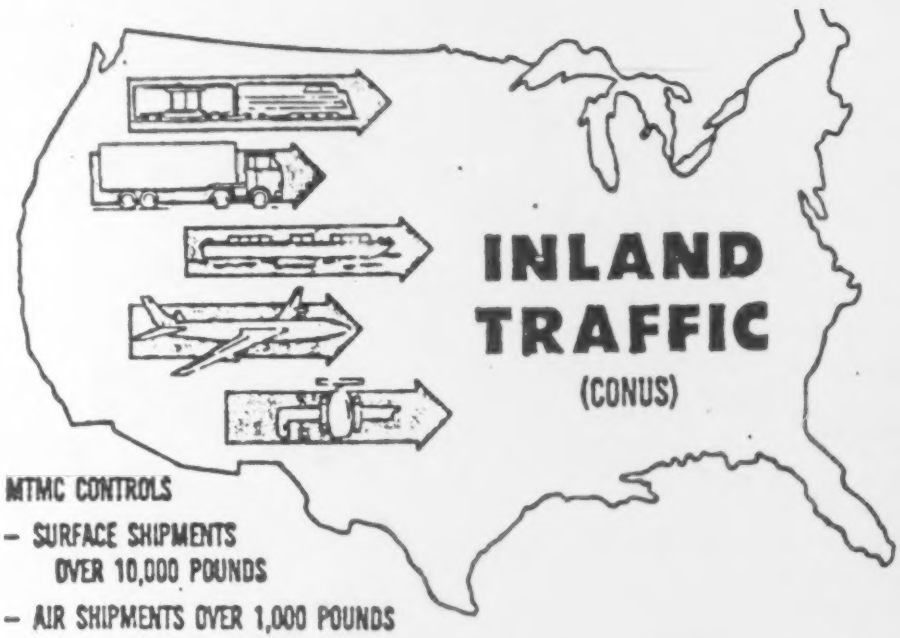


To obtain these economies, MTMC negotiates tenders, tariffs and contracts with 60 rail carriers. 3,200 motor carriers, 400 bus carriers and over 200 air carriers.

COORDINATION WITH INDUSTRY/SHIPPERS

- ASSN OF AMERICAN RAILROADS (AAR)
- AMERICAN TRUCKING ASSN (ATA)
- NATIONAL BUS MILITARY BUREAU (NBMB)
- AIR TRANSPORT ASSN OF AMERICA (ATA)

> REPS AT MTMC HQ

RAIL CARRIERS	FREIGHT MOTOR CARRIERS	HOUSEHOLD GOODS CARRIER/FORWARDERS	STORAGE CONTRACTORS	PIPELINE COMPANIES
60	3208	1564	1270	28

AIR FREIGHT CARRIERS	AIR PAX CARRIERS	BUS CARRIERS
118	53	400

US OCEAN CARRIERS	STEVEDORE CONTRACTORS	CONUS SHIPPERS
18	33	>1550

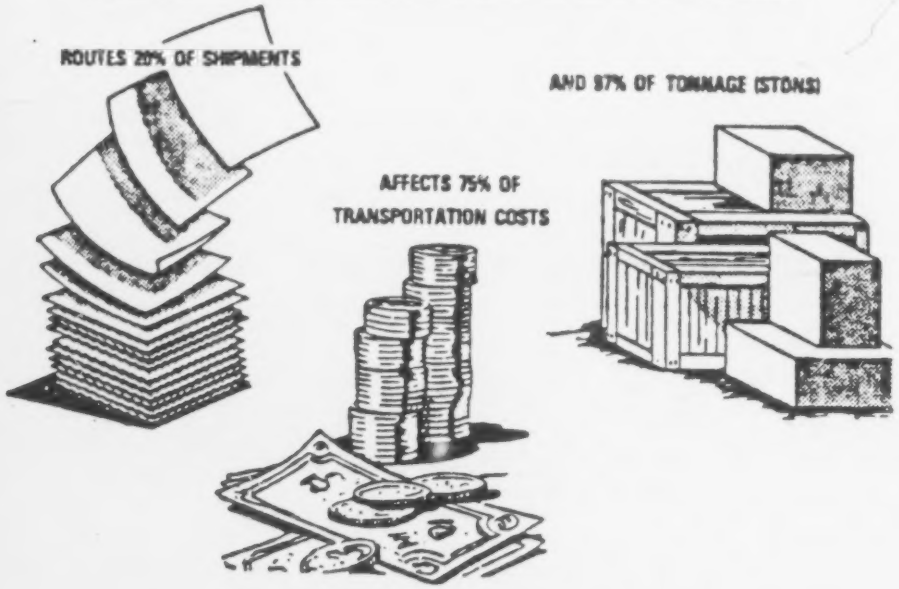
POINT: MTMC NEGOTIATES WITH 6700 SEPARATE CONTRACTORS/CARRIERS . . . DEREGULATION INCREASED NUMBERS . . . MGMT KEY TO HARNESSING THIS CAPABILITY.

We also have visibility of shipping requirements to recommend maximization of cargo lift and to reduce congestion at ocean terminals—a key point for deployment.

Impact through central control

To illustrate the scope of MTMC's control of freight within CONUS we route 20 percent of all shipments. This translates, however, into 75 percent of transportation costs but more importantly 97 percent of all DOD tonnage (short tons). Here again we see the breadth and depth of the traffic managers impact on all the services.

MTMC CONTROL OF DOD FREIGHT WITHIN CONUS



International traffic

Support of oversea forces is provided by the international traffic function which includes ocean terminal services to DOD (the largest single U.S. ocean shipper) and manages the cargo flow by port selection, routings to the port, and booking of cargo to the ocean carrier (commercial or MSC). We are also responsible for surface cargo ocean manifesting and for evaluating shipper and carrier performance

Improvement in cargo control took place when DOD recently directed the transfer of booking and contract administration functions from MSC to MTMC and designated MTMC as DOD's single manager for intermodal containers in peace and war. This transfer eliminates redundancy between the two commands, streamlines procedures and saves time. The consolidated offices are running smoothly and the coordination and cooperation between MSC and MTMC personnel has improved significantly.

Thus far, the following savings have been identified. We now have a single point of contact for defense shippers. Response time has been reduced 25 percent, tentative clearance orders have been eliminated and we have consolidated vessel and ship stowage planning files. In addition, container control procedures have been improved since diversion and tracing requests are handled by the consolidated offices which are also following up with the ocean carriers and MSC.

INTERNATIONAL TRAFFIC

- ★ WARTIME/PEACETIME TRAFFIC MANAGEMENT
  - ORIGIN TO CONUS PORT TO DESTINATION
- ★ MANAGES INTERNATIONAL CARGO FLOW
  - PORT SELECTION
    - WARTIME (LATEST ARRIVAL DATE (LAD)/CAPABILITY)
    - PEACETIME (COST/SERVICE)
  - ROUTING TO PORT (MODE/CARRIER)
  - BOOK TO OCEAN CARRIER
  - CARGO DOCUMENTATION (ORIGIN TO DESTINATION)
  - EVALUATES SHIPPER/CARRIER PERFORMANCE
- ★ OPERATES COMMON USER TERMINALS (CONUS/WORLDWIDE)
- ★ WORLDWIDE WORKLOAD (EXPORT & IMPORT)

	M/TONS	TERMINAL HANDLING COST
FY 80 –	11.8 M	$131.8 M
FY 81 –	11.3 M	$129.8 M

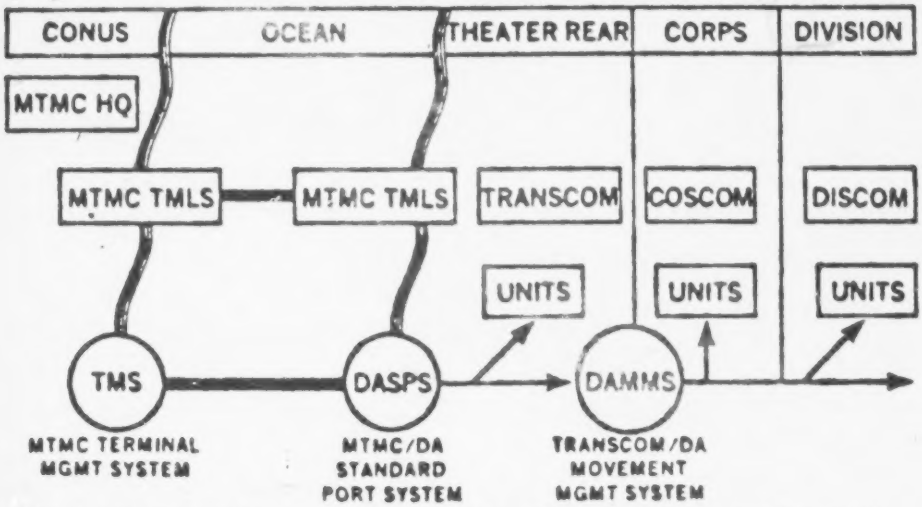
Worldwide movements management control

Cargo documentation and visibility are critical to central traffic management especially in wartime where optimization of assets, efficient thru-put and cargo diversion capability are critical to the supported CINC's. The organization and systems are in being to document and manage movements—origin to destination. Now that MTMC is the single manager for intermodal containers, we are embarking on an automated container control system to optimize utilization and which will also have a side benefit of providing better visibility for our contract administration responsibilities. Cargo and container control are especially critical at the outbreak of hostilities since the peacetime mix of container and breakbulk traffic is about 79 percent and 21 percent respectively. However, we believe this trend will reverse during the first few months of a war effort to move Army and Marine unit equipment with the mix gradually returning to greater container movement as we shift to resupplying the force. The organization and systems in being will help us to manage this traffic and the SL–7 conversion program will assist in moving the increased breakbulk traffic in the first 90–120 days of conflict.

The centralization of cargo offering, booking and contract administration functions as well as the development of automated control and visibility systems just discussed will better enable us to avoid previously identified problems in WW II, Korea and Vietnam such as ship congestion at the far side, port bottlenecks and inadequate cargo visibility.

WARTIME CARGO MOVEMENTS MANAGEMENT
ORIGIN TO DESTINATION
(SAME IN PEACETIME)

(Organization For Movement To Theater And Systems That Support Movement)



NOTE: VISIBILITY AND CONTROL MANDATORY TO GET EMPTY CONTAINERS RETURNED.
CARGO DOCUMENTATION AND OCEAN (SHIP) MANIFESTS DONE BY MTMC

Deployment planning—Contingency response

Since DOD does not have enough organic transport capability to support a major mobilization or deployment, we are dependent upon the commercial transportation industry in peace and war. Quick industry response is key to our strategic mobility capability. In this regard, I am most proud of a major breakthrough in support of readiness. MTMC, in coordination with other Federal agencies and the commercial transportation industry has developed the contingency response (CORE) program which, for the first time, gives DOD priority and a rapid response infrastructure to obtain air and surface transport assets prior to a Presidentially declared emergency for early deployment. As well as during mobilization. Most importantly, I believe, we all owe a debt of gratitude to industry, the Department of Transportation and the Federal Emergency Management Agency for fully cooperating with us in the establishment of this significant transportation emergency readiness program.

In September 1980, the program's CORE team was established. It is the only program in the U.S. Government that brings together senior representatives of the DOD, Federal agencies and the transportation industry—all modes.

We hold one CORE exercise and one workshop annually to orient and train team members and test procedures to keep the program ready for implementation on a moment's notice.

Since the first test and validation exercise, the program has grown significantly. For example, the CORE team has expanded from 10 to 22 members and procedures have been tested to obtain DOD priority from the domestic air industry to complement the already, in being, priority service procedures for the rail and highway modes. For your convenience in understanding how this very important transportation emergency preparedness program operates, I will now discuss the MTMC CORE program summary chart.

MTMC CONTINGENCY RESPONSE (CORE) PROGRAM

PURPOSE:

- THE CORE PROGRAM IS DESIGNED TO ENSURE THE DOD RECEIVES PRIORITY COMMERCIAL TRANSPORTATION SERVICES DURING DEFENSE CONTINGENCIES PRIOR TO THE DECLARATION OF A NATIONAL EMERGENCY AND DURING MOBILIZATION

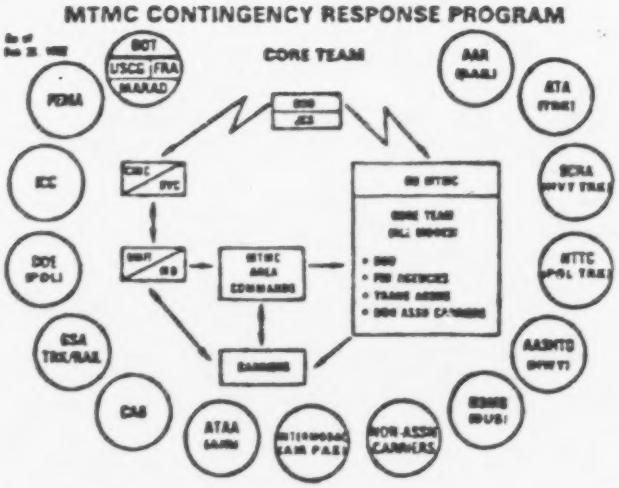
- IT IS THE ONLY PROGRAM IN THE US GOVERNMENT THAT BRINGS TOGETHER, IN ONE PROGRAM, SENIOR REPRESENTATIVES OF THE DOD, FEDERAL AGENCIES, AND THE TRANSPORTATION INDUSTRY - ALL MODES

- CORE EXPANDED TO INCLUDE THEATER - SHIP DISCHARGE AND PORT CLEARANCE

Contingency response program

I'll start in the center of the chart with OSD/JCS. Before the CORE program. Deployment warning, alert, and execution orders were transmitted through communication channels to the appropriate CINC and service. Orders were then transmitted to the deploying unit who would contact the local installation transportation officer (ITO) who would contact the appropriate MTMC area command for carrier selection and routings. If, after a period of time, the carriers could not provide the equipment, the ITO notified the MTMC area command for assistance. For example, it takes approximately 2,200 railcars to move a mechanized division and 2,400 railcars to move an armored division. If shortfalls persisted, the area command would notify Hq MTMC for assistance. Meanwhile, critical hours and days would have passed and the deployment of the rapid deployment force unit would have become less and less rapid.

Now, since September 1980, with the CORE program, the OSD/JCS warning, alert, and execution order information are passed to the CORE team at Hq MTMC at the same time it makes its way to the unit and ITO level. As a result of the rapid passing of intelligence and mission-type information the CORE team immediately begins predeployment actions such as: Review of the assets that are readily available to the deploying units's installation. The industry team members, using association and carrier communication channels provide advance information to the appropriate carriers to be prepared to respond rapidly. If short-falls develop and cannot be quickly resolved, the commander, MTMC requests that the Department of Transportation initiate "priority service orders" using the legal authorities of the Defense Production Act of 1950. Within a matter of a few hours, a formal priority service order can be processed through DOT directing that the Nation's carriers provide priority service to meet DOD's movement requirements. As a result, shortfalls are rapidly resolved and days are saved in rapidly deploying a force. Excellent cooperation exists with the carriers. In the event a carrier does not comply with DOD's priority service order, legal injunctive action to enforce the order can be initiated by the Commander, MTMC. Through the appropriate legal counsels (DOT/ICC/CAB/FRA) and the Department of Justice.



AAR	Association of American Railroads
AASHTO	American Association of State Highway and Transportation Officials
AMTRAK	National Railroad Passenger Corporation
ATA	American Trucking Associations, Inc.
ATA(Air)	Air Transport Association of America
CAB	Civil Aeronautics Board
DOE	Department of Energy
DOT	Department of Transportation
FEMA	Federal Emergency Management Agency
FRA	Federal Railroad Administration
GSA	General Services Administration
ICC	Interstate Commerce Commission
MARAD	Maritime Administration
MBMB	National Bus Military Bureau
MTTC	National Tank Truck Carriers, Inc.
SCRA	Specialized Carriers and Riggers Associations
USCG	United States Coast Guard

MTMC initiatives

In addition to the MTMC contingency response (CORE) program. We, in MTMC have taken the lead on several deployment and mobilization initiatives to meet the challenge of "closing the force earlier."

I have already described the MTMC CORE program. However, I would like to add that as a result of the CORE program's success, here in CONUS, we have exported the CORE team concept to MTMC ocean terminals overseas. Although still in the development stage, response to the concept from local port and civil authorities has been favorable and enthusiastic.

We have designated "preassigned" outloading seaports for 12 of our major combat units including Rapid Deployment Force Army (RDFA) units. In most cases, each unit has a preassigned primary port and alternate west coast, east coast and gulf ports. This preassignment initiative allows for unit prior planning while the designation of alternatives provides the flexibility to plan for response to more than one scenario or changes in the routing of ships.

The preassignment of ports then allowed MTMC to proceed to the pre-positioning of ammunition basic load permits for all rapid deployment units at the primary seaport of embarkation. This has been accomplished for 45 units—for the first time—and the permits are on file with the captain of the port on each appropriate unit/port of embarkation combination. We estimate that this pre-deployment initiative could save up to 2 days of deployment time.

In addition to the pre-positioned permits in the ports, MTMC initiated actions with the U.S. Coast Guard and the Department of Transportation to obtain DOD exemptions to the provisions of hazardous material regulations. DOT published the exemptions in February 1982. As a result unit vehicles may now be loaded at the installation on commercial motor vehicles or railcars, be transported to the outloading port and loaded aboard ships with battery cables connected, fuel tanks ¾ full, acetylene/oxygen bottles and ammunition loaded on the vehicle. The thrust of this important initiative is to improve the ready-to-fight capability of the unit upon arrival in the area of operations.

The deploying unit is now in a position to take advantage of those predeployment actions and can pre-plan the route to the outloading port well ahead of time. This preplanned routing initiative enhances the rapid movement and deployment of the force via sealift by allowing for route recon, preparation of march tables and strip maps and movement briefings before the force receives the initial warning order.

Another very significant initiative that is estimated to save up to 2 days of deployment time and release commercial transportation assets such as heavy duty railcars and heavy equipment motor carriers for use by other units is the "road marching of track vehicles" to the outloading seaport. For units such as the 24th Infantry Division and 9th Infantry Division located close to seaports this initiative is highly significant. We gained hands-on training by loading cargo and vehicles on an MSC controlled ship with reserve terminal unit personnel.

To ensure immediate outload availability of heavy duty railcars, MTMC, in coordination with U.S. Forces Command and the U.S. Marine Corps, has pre-positioned 340 railcars at 10 Army installations and 2 Marine bases. This initiative serves to reduce deployment time by insuring that lift assets are constantly available to begin outloading early-on while civil assets are being mustered and provides for peacetime railcar availability at the installation for training to maintain proficiency of rail loading teams.

MTMC INITIATIVES FOR DEPLOYMENT AND MOBILIZATION

- CORE
  - CONUS ALL MODES/SUPPORT SERVICES
  - OVERSEAS OCEAN TML TEAMS
- PROGRAMS FOR NATIONAL DEFENSE
  - PORTS PREDESIGNATED
  - RAIL STRATEGIC NETWORK
  - HIGHWAY STRATEGIC NETWORK
  - PIPELINE STRATEGIC NETWORK
- RDF PREASSIGNED PORTS
- RDF BASIC LOAD PERMITS
- RDF HAZARDOUS MATERIALS EXEMPTION
- RDF PRE-PLANNED ROUTING
- ROAD MARCH TRACKED VEHICLES TO PORTS
- HD RAILCAR PRE-POSITIONING

MTMC initiatives continued

Our MTMC reserve units fully support deployments in peacetime, such as the annual reforger exercises and our 23 units are fully prepared today to support wartime deployments. They are included in the 100,000 call-up authority and are

therefore, available early on. All our units have drawn praiseworthy comments—they are key to supporting rapid deployment of Army and Marine units in peace and war.

A simplified deployment documentation concept using unit load information collected in advance is being developed by MTMC and the U.S. Army Forces Command. This action will simplify and improve unit deployment documentation and enhance performance.

During contingencies; the simplified approach will eliminate the need for submission of detailed routing requests and transportation control and movement documents during emergency situations. The documentation, which normally requires an estimated 22,000 man-hours of unit/installation time per division, will be reduced by 80 to 90 percent. Field testing of the new concept is scheduled in June 1982 involving elements of the 24th Infantry Division at Fort Stewart, Georgia.

Another deployment enhancement initiative is called the Transportation Coordinator Automated Command and Control Information System (TC-ACCIS). It will provide for full data automation at the deploying unit's installation transportation office. The real time interface between the installation and MTMC will greatly enhance response capability to rapidly transfer movement data to produce all the documentation necessary to deploy a force. The system will also provide a source of automated transportation data to support reporting requirements to MTMC and the Joint Deployment Agency (JDA) during planning and deployment.

A mobilization movement control (Mobcon) concept is being jointly developed to coordinate highway movement of Active, Reserve and National Guard units during a defense emergency.

Under Mobcon a defense movement coordinator will be located in each State to coordinate the movement plans of all military units within that State. Pertinent data on all defense moves will be provided to civil highway authorities to insure support requirements are arranged and changes in highway capacity will not adversely affect mobilization.

This past November, MTMC completed staffing of a document, (CONUS mobilization data requirements) that identifies all known commercial transportation requirements needed to support the DOD during deployment/mobilization including all installation and depots, all services and all modes. This marks the first effort to identify such requirements in a single source.

These initiatives are extensive and some of them have served to enhance our wartime expansion capability. For your information, MTMC has a peacetime complement of over 4,300 and a reserve call-up capability of over 6,000 military. In addition, we are able to call upon more than 97,000 stevedores, longshoremen and port support services personnel worldwide. From a material asset viewpoint, we have over 24 ports, 57 berths, 2.5 million railcars, 1.7 million trucks, 21,000 buses and 2,500 planes available to use in the CONUS alone and we estimate at least an equal amount worldwide.

MTMC INITIATIVES FOR DEPLOYMENT AND MOBILIZATION (CONTINUED)

- MTMC RESERVE UNITS SUPPORT DEPLOYMENTS (PEACE & WAR)
  - AVAILABLE "EARLY-ON"
  - BIG ASSIST (TAML & MSTAL)
  - MOB SITE BATTLEBOOKS
  - MOB SITE TRAINING
- SIMPLIFIED DEPLOYMENT DOCUMENTATION (SPUR)
- ITO/TOA "REALTIME" INTERFACE
- MOB MOVEMENT CONTROL (MOBCON)
- MOB MOVEMENT DATA TO DOT & INDUSTRY

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As you can see from this brief over-view of MTMC, the role of the central traffic manager is diverse and critical to mobilization/deployment and economies and efficiencies in peacetime. Our focus has been on advanced preparation and procedures to project Army and Marine forces by sealift. We have been successful in reducing mobilization/deployment times and in improving movements to and through the seaport of embarkation. Central traffic management is the cornerstone to the movement of people and cargo in peace and war. It makes possible efficiencies and economies and provides the planning and control mechanism to coordinate movements to the seaport, maximize scarce lift assets, maximize CONUS and oversea port throughout, and ensure movement of DOD cargo during strikes.

My mission and responsibilities are expanding and transportation together with central traffic management have never been more important. The Falkland Island situation provides us with a current example of how difficult it is to deploy and sustain a force far from home. Imagine how much more difficult it would be if central management were not utilized by the British.

The surface transportation system was significantly improved through the consolidation of cargo offering and booking functions. But more needs to be done. The current economic climate, the impact of deregulation. The shift to intermodalism and expanding role of the Joint Deployment Agency will continue to impact the surface system and a centralized automatic data processing network will better enable us to meet the challenges and improve productivity of the work force. In addition, more needs to be done to integrate, speed-up and improve the quality of deliberate and execution planning systems. Planning improvements will materially assist the Joint Deployment Agency in balancing the air and surface systems to improve our strategic lift capability.

Many challenges lie ahead, but, I am confident that my managers and staff will meet those challenges.

Thank you for this opportunity to tell you about MTMC.

STATEMENT OF VICE ADM. KENT J. CARROLL, USN, COMMANDER MILITARY SEALIFT COMMAND

Admiral CARROLL. I support the integration of the Military Traffic Management Command and the Military Sealift Command because I believe it is vital to our national defense if we are ever required to support wartime deployments from the United States. I say this not because I am commander of the Military Sealift Command but because I served 7 consecutive years as a flag officer in joint assignments and

the last 4 years in the Organization of the Joint Chiefs of Staff—2 years as Deputy Director of Strategic Mobility and 2 years as Director of Logistics.

In our directorate on the Joint Staff we contemplated daily how we could deploy our combat power and troops anywhere in the world. We were involved in the development of the charter for the Joint Deployment Agency and served as the point of contact for the three transportation operating agencies—the Military Traffic Management Command, the Military Sealift Command and the Military Airlift Command—and JDA.

I participated in all the major exercises so I had a first-hand view for 4 years of the problems of the strategic mobility equation, and it certainly is not a pretty picture.

I do have two concerns. I am concerned about the command of the organization and its industrial funding base, but I understand the final answers to both of these have in effect been deferred.

If the commander is Navy, I personally see no problems with the relationships for the Navy. If it is an Army commander, I could foresee some problems.

Overall, there are many major advantages to the merger—and I will just name two: The merger certainly would speed up the joint planning and execution processes in coordination with the Joint Deployment Agency with the supported commanders or CINC's.

Second, it would improve our capability to deploy and sustain our forces by unifying what historically has been a fragmented surface transportation system.

So I have no problems other than the concerns I just expressed in supporting the creation of a Military Transportation Command because it would improve our wartime effectiveness.

[Prepared statement of Admiral Carroll follows:]

PREPARED STATEMENT BY VICE ADM. KENT J. CARROLL, USN, COMMANDER, MILITARY SEALIFT COMMAND

MSC MISSIONS AND FUNCTIONS

MSC is the Nation's strategic sealift arm of defense. We provide the quick reaction capability to deploy large amounts of military equipment, ammunition, and fuel should a conflict break out—plus the long-term capability to sustain operations.

In time of war, we also will be involved in convoy makeup, sailing, ship control, and convoy commodore interfaces—in short, Navy's role of protecting our sea lanes of communication.

MSC has five missions:

1. To provide contingency and mobilization sealift support of military forces worldwide.
2. To provide peacetime logistical sealift support of military forces worldwide.
3. To develop plans and capability for emergency expansion.
4. To operate fleet auxiliary force ships for the U.S. Navy in both peace and war.
5. To provide and operate ships for special transportation purposes such as scientific support.

MSC is a complex command. We function as a fleet component of the operating forces of the Navy with the status of a Fleet Commander. We are a major procurement activity. We also are a Transportation Operating Agency but are organized along the lines of a major Navy type command, and most importantly, we are Navy's interface with the maritime industry.

We maintain a fleet of some 140 merchant type ships in peacetime in preparation for our expanded wartime role. These ships are our Nation's most immediate

source of sealift in an emergency. In peacetime today, 19 MSC ships deliver DOD point-to-point dry cargo, our primary daily contact with Military Traffic Management Command (MTMC). (These 19 ships also are the Navy's only in-hand assets available to transport outsized or heavy unit equipment such as tanks or Hawk batteries outside the Continental United States.) We also interact with MTMC in another way. MSC negotiates rates, terms and conditions of service for the movement of peacetime DOD cargo in less than shipload lots on scheduled commercial ships, for which MTMC has done the booking and contract administration since October 1981.

Over 85 percent of all MSC ships are employed in projects that do not involve dry cargo point-to-point delivery.

MSC now includes among its Controlled Fleet:

1. A 31-ship Naval Fleet Auxiliary Force (NFAF). These civilian manned ships—oilers, ammunition, and stores ships, oceangoing tugs and the like—provide direct fleet support to the battle groups and to the fleets worldwide.

2. A 13-ship Near Term Pre-positioning Force (NTPF) on station loaded with pre-positioned material in Diego Garcia ready to support the troops of the RDJTF—and that's just the start of the Navy's multi-billion dollar maritime pre-positioning programs.

3. 26 scientific support ships involved in research and classified operations for the Navy and other U.S. Government agencies.

4. Plus 30 tankers committed to moving fuel oil for DOD and into the Strategic Petroleum Reserve.

Without a strong and healthy merchant marine and without a sizable, relatively modern reserve fleet, the Defense Department has looked to other alternatives. For the first time in peacetime, we are procuring ships in some quantity to fulfill wartime contingency requirements.

For example, the fiscal year 1982 budget approved by the Congress and the Navy's fiscal year 1983 five-year shipbuilding plan submitted with the President's budget in January included 38 additional sealift ships for MSC operation totaling more than $6.7 billion. Furthermore, we have RFPs on the street for up to 20 additional ships under the build and charter and convert and charter programs, including 12–15 TAKXs for Marine Corps use and five T–5 tankers.

Today, MSC controls an annual budget of about $2.8 billion and 9,000 people (about 7,000 are seagoing civilian personnel serving on nucleus ships and commercial ships under long-term charter to MSC).

If the whistle blows, MSC will expand dramatically.

In wartime, ships under our control will jump from approximately 140 to over 1,100 subsequent to full mobilization in a NATO scenario—that's double the number of Navy commissioned Men of War.

Personnel will swell from a peacetime worldwide workforce of about 9,000 to a wartime figure of over 90,000, and five Reserve flag officers will be ordered to active duty in key MSC positions around the world along with more than 6,000 military personnel. The flag officers assigned to MSC mobilization billets represent one-third of the total surface Naval Reserve flag officers in the Navy.

For all major overseas deployments, sealift will deliver about 95 percent of the vast tonnages required to deploy and sustain our forces, and—as the CNO has recently said—without adequate and reliable sealift, none of our military plans are executable.

MSC is responsible for providing this sealift.

General DALTON. I would like to make a comment, Mr. Chairman. The importance of this command to the Navy and to the Secretary of the Navy was considered during development of this organization. The Navy's Secretariat wrote the authorities in the implementation plan which were to be reserved to the Navy Secretary, these were agreed to by all members of the steering committee and by the JCS. The organization provides for a Navy admiral to oversee sealift operations at all times.

During consideration of the command position the Joint Chiefs of Staff recommendation to the Secretary of Defense was that they would like to seek nominations from both the Army and the Navy and then recommend the best man for the job. No service would be guaranteed

the position of commander but whoever was selected, the vice commander would be from the other service. The sealift operation portions of the Military Transportation Command would always be directed by an admiral.

Chairman TOWER. Some disadvantages have been mentioned.

Of course, as you know, this has been controversial within the Department. It would be useful to know what the major objections to the Military Transportation Command are, and what disadvantages there may be. If you would like to comment on that, Mr. Secretary, then I would like to ask the admiral to comment.

Mr. CARLUCCI. There was some feeling on the part of the Navy, as the Admiral indicated, that any disruption in industrial funds would prejudice the shipbuilding account. I do not fully share that concern. In any event I have agreed that we would continue with separate industrial funding.

General Dalton has answered the concern that was raised with regard to who would command the organization.

There have been some comments that if the system is not broken, don't fix it. I just flat out disagree with those comments. As I have indicated, Proud Spirit and Nifty Nugget exposed a lot of inadequacies and uncertainties in our transportation management system.

There was some feeling that the Navy might lose control of sealift. As I have indicated, both orally and in my prepared statement, the Military Transportation Command will have the same responsibility as the Military Sealift Command currently has, and they will receive guidance for sealift, the Naval Fleet Auxiliary Force and maritime matters from the Secretary of the Navy, and the Secretary of the Navy will continue to be the interface with the Maritime Administration.

There has been some comment that this is centralization for centralization's sake. It is not; it is addressed to a specific problem. We feel that we have an antiquated organizational structure that fails to recognize that we no longer have land and maritime transportation but we have surface transportation.

We think that a single organizational structure can deal with that, although every organizational structure should be flexible and subject to change at the appropriate moment.

Those are the principal criticisms that I have heard, Mr. Chairman, but I am prepared to address others if anybody has them.

Chairman TOWER. Admiral, what disadvantages do you see in this? You alluded to some. You came down in favor of the consolidation.

Admiral CARROLL. I see possible disadvantages, Mr. Chairman. Right now the decision has not been made in the two areas I addressed—industrial funding and several alternative funding arrangements proposed. Regardless of the industrial fund that is chosen, the fund must provide for two factors: First, the fund must be sufficiently large and flexible to accommodate unprogramed requirements without requiring rate adjustments that necessitate reprograming actions by the services.

And, second and most important, the fund must be large enough to accommodate the contingency liability associated with our build-and-charter and convert-and-charter programs.

The Military Sealift Command to date has acquired 29 ships under the build-and-charter program—28 tankers and one roll-on/roll-off ship. We have a request for proposal on the street today to build-and-charter or convert-and-charter 22 to 24 additional ships.

Those are my only comments on the industrial fund.

Concerning the command of the organization, again, I am speaking as commander of Military Sealift Command. My biggest concern is that the Secretary of the Navy must maintain the close daily relationships and interface with the maritime industry. That is absolutely vital.

Unlike the Military Airlift Command, which has a built-in huge surge capability, in our command we don't have enough ships to deliver dry cargo around the world, even in peacetime. We have to go out beyond our nucleus fleet and charter additional ships. That interface with the maritime industry, which provides our huge surge capability in wartime involves the entire maritime industry and covers a number of areas. I am talking about ship construction, repair, maintenance, labor, such things as national defense features, conversing to military auxiliaries, mobilization requirements wherein the Navy has interfaces with all the major maritime companies under the sealift readiness program, like MAC's Civil Reserve Air Fleet program with the Maritime Administration National Defense Reserve Fleet and Ready Reserve Force, and other matters mentioned in the Merchant Marine Act of 1936.

My concern is that if the commander is not a permanent naval commander, several problems could result. The Navy would no longer have a commander directing the command over Military Sealift Command's current sealift and fleet support operations. A lot of our fleet is involved in other than point-to-point cargo deliveries.

Today, of the 140 ships that we have on an average in our command, only 19 of those ships deliver point-to-point traffic and these ships and other commercial ocean carriers comprise our interface with the Military Traffic Management Command. Over 85 percent are in other areas.

A lot of the other areas is in direct support of Navy-unique services.

When I took at the wartime scenario—that to me is what this entire merger is about—I believe we should address the balance among the services. Let's look at the overall wartime joint deployment system. The Military Traffic Management Command makes arrangements with depots to move equipment to the airports and seaports. You have two primary mode operations who actually own assets—MAC and Military Sealift Command. The Joint Deployment Agency, which is an absolutely vital key to the deployment sequence, interfaces with the CINC's, the TOA's and the Rapid Deployment Joint Task Force.

If the MTC commander becomes Army, you have a situation in wartime where you would in effect change Navy's presence in the joint deployment system. A four-star Air Force general would be in charge of MAC and all airlift; a four-star Army general would be in charge of JDA, a three-star Army general would be in command of the RDJTF, and a three-star Army general in charge of this new Military Transportation Command. What you do, in effect, is downgrade the three-star Navy admiral currently in charge of sealift to a two-star Navy deputy.

In wartime sealift would be a major concern of the MTC commander. In NATO war the sealift assets skyrocket from a force of 140 ships to over 1,100 ships. And that sealift, which is the Navy's responsibility, provides 95 percent of the cargo lifted in a wartime scenario.

Thank you, sir.

General DALTON. Mr. Chairman, I would like to comment, if I might, on the command arrangement.

Those functions of the current Military Sealift Command, as well as those of the Military Traffic Management Command which are service unique to a particular service, were considered by the special task force in making its recommendations. You should know it was the view of the Navy that all those functions currently contained within the Military Sealift Command should be retained and included in the Military Transportation Command.

In reviewing that, we made the judgment that they were not an impediment to the integration. We concurred in the view of the Navy that their inclusion in the command would be more efficient and would not interfere with the basic purpose for which the integration was intended.

With regard to the commander, I think the Joint Chiefs of Staff are very sensitive to that issue. That is why they advised the Secretary that they would consider at the appropriate time—when the command is approved—nominations for the position without regard to who might hold it on a permanent basis. Then in the future, after watching the command operate, they would determine whether the position should continue to be nominative—that is, with proposals from both the Army and the Navy—as to who should command it or whether it should be rotational, which would guarantee a change in the service of the commander.

The last point would be—and I think, Mr. Chairman, you made it in your statement—that in the past the commitment may have been weak on the part of the Department of the Army and the Department of the Navy to these functions. I think I can assure you that with the Joint Chiefs of Staff in the loop and with advice from this commander whether he is being properly supported or not, they will not shrink from providing advice to the Secretary of Defense as to what is required to see that these functions get the proper attention.

Chairman TOWER. General Dalton, are the Joint Chiefs still in unanimous support of this consolidation?

General DALTON. In a formal sense we have had no review of this by the JCS since they discussed it at length in January this year and then in February approved the unanimous recommendation to the Secretary which reaffirmed their earlier proposal that integration take place.

We met privately—Secretary Carlucci and I—with Mr. Lehman and the CNO. They had some concerns, but I think Admiral Carroll has covered the points.

The CNO is concerned about the industrial fund aspect of it. That was the only point in the implementation plan that he was concerned about. Also he has some concerns about the selection of the commander.

I think the JCS will look at that very carefully when the time comes to select a commander. The implementation plan clearly says there are no guarantees. The Joint Chiefs of Staff will examine the selection

process again in the future and will consider all the arguments that have been made.

Mr. CARLUCCI. Mr. Chairman, the draft memo that I would sign establishing this command currently contains the following sentence:

> Funding arrangements for the operations of the new Military Transportation Command will be financed through the existing Navy Industrial Fund, the Army Industrial Fund and the Service Operations and Maintenance Fund.

So there is no change here in the funding arrangement.

We believe that this arrangement will provide the kind of resources that Admiral Carroll indicates the new command will require.

Chairman TOWER. I have some additional questions I would like to submit for response for the record.

Chairman TOWER. Senator Levin?

Senator LEVIN. Mr. Chairman, pursuing the question which you just asked, I am not sure I understood the answer. Has the CNO specifically supported this proposal?

Mr. CARLUCCI. The CNO in a meeting with the Joint Chiefs voted in favor of this proposal. He has not rescinded his vote.

Senator LEVIN. What is the difference between the proposed Military Traffic Command and the Joint Deployment Agency which was created following Nifty Nugget?

Mr. CARLUCCI. The Joint Deployment Agency was created for wartime planning and deployment, and the Military Transportation Command would, in effect, be the implementing agency for surface transportation that would be supportive of and responsive to the Joint Deployment Agency in times of war.

The Joint Deployment Agency does not figure in peacetime operations. It is involved in wartime and crisis planning during peacetime.

Senator LEVIN. Does that agency stay in existence?

Mr. CARLUCCI. Yes.

General DALTON. If I might, sir, the Joint Deployment Agency was created as a result of a review of the problems we encountered in exercise Nifty Nugget. I would like to summarize the functions it provides. It is a management agency that operates as an extension of the JCS. It provides centralized management coordination for worldwide deployment of forces. It provides the deployment planning support for all the unified commanders and for joint task forces. It plans, coordinates and monitors the worldwide air, sea and land movement of U.S. forces and material during military operations and exercises. It develops a worldwide automated management information system for the military deployment system which is called the joint deployment system to which MTMC, MSC and MAC all provide input.

After a CINC develops a proposed operational plan, meetings are held at the Joint Deployment Agency. Representatives of the CINC meet with the Joint Deployment Agency and representatives from the transportation operating agencies to review the CINC's requirements and the available lift assets to meet them. They then decide how that plan can best be supported. The plan then goes through refinement cycles. Data from the supporting plans of the transportation commands are stored in the Joint Deployment Agency computer. These data are used to initiate the movements of unit equipment, resupply, ammunition, et cetera, in support of the CINC's plan.

In a crisis or where things have to be done differently from what was planned, which may very well be the case, the Joint Deployment Agency within the guidance from the JCS and the CINC will direct the reflow of things—that is, change the order of movements in support of the unified commanders.

Senator LEVIN. I understand that one of the results of Nifty Nugget and Proud Spirit exercises—and you made references to them, Mr. Secretary—was that there was a lack of coordination. For instance, sometimes we had ships awaiting material and sometimes we had material awaiting ships, and the twain did not meet.

Mr. CARLUCCI. That is substantially correct, Senator Levin.

Senator LEVIN. One of the purposes of this new coordinated command is to avoid that kind of problem?

Mr. CARLUCCI. That is correct. We need a single data base and a single point of contact.

Senator LEVIN. Mr. Chairman, I know these things are hard to accomplish. There is a lot of consideration that goes into them.

From what I have read of Nifty Nugget and Proud Spirit and what we learned from them, it makes sense to me. There are cost savings as well as better military coordination to be gained. I don't know whether the savings will reach $10 million plus, but I gather $10 million is a savings DOD expects to achieve. I think that is an important effort on the part of DOD.

I know there are always complexities in this, but I think this is a worthwhile effort. I want to commend the DOD and the JCS for pursuing it and hope that all of the considerations can be accomplished in the best way possible and that we can succeed in this coordination.

It makes sense to me from what I have read.

Mr. CARLUCCI. Thank you.

Chairman TOWER. The record will be held open until 5 p.m. this afternoon for Senators who want to submit additional questions for response for the record.

Mr. Secretary, I appreciate your coming here today. We will submit additional questions that we would like you to respond to, to complete the hearing record.

[Questions with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR TOWER

MSC AND MTMC COMPARISON IN PEACE AND WAR

Senator TOWER. Secretary Carlucci, would you please compare the Military Sealift Command and the Military Traffic Management Command in terms of command funding, overhead, personnel and organic transportation assets in peacetime and estimate the anticipated levels for both commands in wartime?

Answer. The Military Traffic Management Command (MTMC) and Military Sealift Command (MSC) are not directly comparable in terms of funding, overhead, personnel, and organic assets. For example, in the funding area the MTMC uses operation and maintenance funds for their oversea commands while MSC utilizes industrial funds and in the overhead area the MTMC operates and maintains real property and facilities while MSC is a tenant at some of those facilities. MTMC negotiates with 6,800 commercial carriers to obtain transportation assets; MSC negotiates with 18 carriers for sealift services. Over 7,200 of the 9,000 MSC personnel actually serve on board ships; nearly all the MTMC 4,500 personnel are in management positions. The data requested follows:

1. *Peacetime:*

a. *Command Funding:*

	Fiscal year 1982 (millions)
MSC:	
Navy Industrial Fund (NIF)	$1,891
Shipbuilding and conversion, Navy (SCN)	866
Operating and maintenance, Navy (O&M, N) and other procurement, Navy (OP, N)	29
MTMC:	
Army Industrial Fund (AIF)	263
Defense Freight Railway Interchange Fleet (railcar procurement)	14

b. *Overhead:*

MSC's overhead cost for fiscal year 1982 from the NIF is projected at 3.1 percent or $58.4 million of MSC's total NIF expenditures. The MTMC overhead is $78 million and includes the maintenance of real property and facilities.

c. *Personnel:*

MSC	Civilian	Military	Total
Afloat	[1] 6,814	403	[1] 7,217
Ashore	1,416	308	1,724
Total	8,230	711	[1] 8,941
MTMC	3,773	800	[2] 4,573

[1] Includes 5,000 civil service mariners and 1,840 civilian mariners under long-term contract.

In addition, MTMC employs contract stevedores at their common-user ocean terminals. In order to keep costs to a minimum, MTMC negotiates labor contract to consider actual workload. As a result, the stevedore contractors vary the size of the work force to each days work load. There is no predetermined number of individual stevedores contracted for. It is estimated that 1,400 to 2,000 stevedores are employed worldwide on any one day.

Organic transportation assets

MSC currently operates an average of about 140 ships. MTMC currently operates 28 ocean terminals and a fleet of 2,800 rail cars.

2. *Wartime:*

a. *MSC:*

In a NATO war, MSC's operating fleet would increase up to 1,200 ships. Personnel will swell from a peacetime worldwide workforce of over 8,000 to a wartime figure of over 92,000, and five Reserve flag officers will be ordered to active duty in key MSC positions around the world along with more than 6,000 military personnel. The flag officers assigned to MSC mobilization billets represent one-third of the total surface Naval Reserve flag officers in the Navy. With this buildup, MSC's daily operating expenditures would be approximately $38 million excluding possible war damage and repair costs.

b. *MTMC:*

In wartime, MTMC's personnel strength expands to 11,240 and over 100,000 contract stevedores would be required worldwide. The number of ocean terminals would expand up to 77. Through the Contingency Response (CORE) Program, the MTMC has at its disposal, in peace and war, over 1 million rail cars, 2.5 million trucks, 21,000 buses and 2,500 aircraft for the movement of people and cargo.

COMMAND OF MILITARY TRANSPORTATION COMMAND

Senator TOWER. Secretary Carlucci, what are possible concerns if command of the Military Transportation Command is not given permanently to the Navy?

Answer. We have heard some concern voiced, including Admiral Carroll today, that if the Military Transportation Command was not permanently commanded by a Navy officer, Navy responsibilities for sealift and the Naval Fleet Auxiliary Force may not be properly executed. We do not agree with that. In formulating this proposal, particularly the Military Transportation Command organization structure, the JCS were extremely sensitive to Navy concerns with command and control of sealift. It was agreed with the Navy, that the Deputy for Sealift Operations would always be an Admiral and that either the Commander or Deputy Commander should be Navy. In this way, Navy influence over sealift matters and the operation of the Naval Fleet Auxiliary Force would not be diminished. The Navy agreed to this arrangement when the JCS implementation

plan was formulated and subsequently approved unanimously by the Joint Chiefs of Staff.

There should be no concern by either Service if the commander of MTC is from the other Service. The commander of MTC (whether from the Army or Navy) would answer to Army or Navy Service Secretaries for the responsibilities delegated from the Secretary of Defense to them.

Chairman TOWER. Currently, about 80 percent of peacetime cargo moves overseas in containers. How would containerships be used in a wartime environment?

Answer. In wartime overall container cargo volume would greatly increase and the number of ships available would also increase as the ships are brought under federal control. However, our most pressing shipping problem during the early stages of deployments is the high demand for breakbulk and roll-on, roll-off ships capable of moving unit equipment, such as trucks, tanks, aircraft, etc., most of which are not containerizable. Since the number of breakbulk ships is shrinking, we are having to learn how to maximize the use of containerships and the containers for unit equipment to accommodate this changing availability in shipping capability.

Chairman TOWER. Secretary Carlucci, how many containerships are expected to be controlled by the Military Sealift Command in wartime?

Answer. In wartime, MSC or MTC would control more than 100 militarily usable containerships from the U.S. flag fleet and NATO shipping pool.

NAVY CONTROL OF SHIP OPERATIONS

Senator TOWER. Secretary Carlucci, in your prepared statement you commented that MTMC/MSC integration will in no way degrade Navy control of ship operations in peace or war and that the MTC commander will be the Secretary of the Navy's agent for sealift operations, maritime labor affairs, sealift acquisition policy, the Naval Fleet Auxiliary Force and Scientific Support Ships. Since the Navy now has direct control over these functions, how could such control be maintained through anyone other than a Navy commander?

ANSWER. The proposed JCS charter for the Military Transportation Command specifically provides that the commander, whether he be Navy or Army, will be responsible to the Secretary of the Navy for all sealift functions, the Navy Fleet Auxiliary Force, Scientific Support Ships and maritime matters. The commander's principal advisor and functionary in this area will be his Deputy for Sealift Operations, a Navy Admiral. The Department of Defense has had long and extremely successful experience with officers from all the military services serving in positions involving duties cutting across Service lines. We have complete confidence that, regardless of Service affiliation, the commander of the Military Transportation Command will meet his responsibilities to the Army, Navy, JCS and the Secretary of Defense.

Senator TOWER. General Dalton, the results of military exercises and analyses have shown a number of weaknesses in our surface transportation system in wartime. Is it absolutely necessary for organizational changes to be made to correct these weaknesses? What could be done short of creating a unified command?

ANSWER. The results of military exercise and analyses show that many of the weaknesses in the surface transportation system are not necessarily faults of commission but stem from the fragmentation of the surface system. Instead of a single organization oriented toward origin to destination movement of cargo, there are two commands operating under doctrine of two separate Services and attempting to optimize the effectiveness of that portion of the system for which they are responsible. This is occurring in a surface system where the two commands constantly interface.

The Military Transportation Command eliminates these problems and places all interfaces under a single commander with a single logic and coordinated doctrine for accomplishing surface movements. The MTC results in a smooth, more clearly delineated surface transportation system that will facilitate peacetime planning and the transition from peace to war and increase the effectiveness of wartime operations. In my view, the organizational changes are necessary to correct the weaknesses.

There is one option short of a unified command, i.e. make no organizational changes, but I don't believe this will solve the problems. Any organizational realignment short of total integration within a unified command does not recognize the responsibilities and participation of both the Army and Navy in the surface transportation system.

Chairman TOWER. General Dalton, would you please provide for the record a copy of the briefing of the report of the Joint Service Special Task Force which studied this transportation issue?

General DALTON. Yes, sir. [See Report of Special Task Force, attached.]

REPORT OF SPECIAL TASK FORCE

I would like to take the next few minutes to tell you about events and circumstances that led to the decision by the Joint Chiefs of Staff that the Military Traffic Management Command and the Military Sealift Command be integrated into a unified command. They recommended to the Secretary of Defense that he implement these decisions and provided to him a detailed implementation plan for his approval that would lead to an integrated Surface Transportation System.

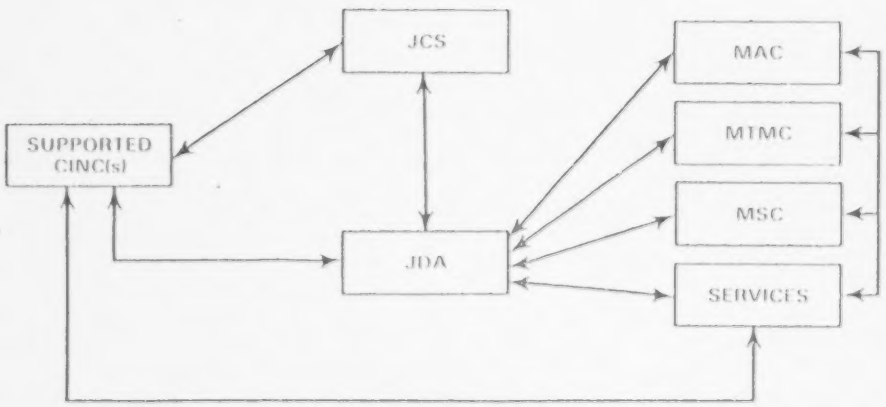
The complex nature of the "defense deployment community" drew congressional attention during the fiscal year 1981 appropriations process. In December 1980, a joint conference of the Senate and House Appropriations Committees requested that the Secretary of Defense submit, by May 1, 1981, a plan for realignment of defense transportation. The Office of the Secretary of Defense accordingly quested that the Secretary of Defense submit, by May 1, 1981, a plan for realign- The JCS responded that there were larger issues in deployment, and transportation and traffic management, than just organizational duplication. They suggested more could be done to enhance wartime transportation management and coordination through existing organizations.

DEPSECDEF MEMO

* * * To develop * * * an implementation plan for strengthening the JDA. This plan will establish the organizational and procedural framework for performing joint wartime and contingency mobility planning and deployments, and peacetime and wartime traffic management.

Following review of the comments, the DEPSECDEF requested, on June 30, 1981, that the JCS form a joint service special task force to develop ways to strengthen the Joint Deployment Agency, or JDA, and to develop an organizational framework that would allow transportation resources to transition smoothly from peacetime to wartime.

DEPLOYMENT PLANNING/EXECUTION



The task force reviewed previous examinations of deployment issues but those had focused on peacetime efficiency and cost effectiveness. I ittle regard had been given to the basic reason for the strategic mobility system's existence, that is, wartime responsiveness to the requirements of the JCS and theater commanders in chief, or CINC's.

So, to address its specific tasks, the task force defined a more appropriate framework in which to conduct the analysis. The task force looked at the entire end-to-end strategic mobility system from the viewpoint of the JCS and the combatant theater CINC's. This shift in focus from peacetime efficiency to the CINCs' wartime requirements is one of the major contributions of the task force, and distinguishes this examination from the studies of the past.

The interrelationships in the deployment community are shown in block diagram on this graphic. The problem was to improve the wartime capability of the community to effectively serve the national command authorities, the JCS, and most importantly, the CINC, who is ultimately responsible for fighting the war.

Requirements to support or provide warfighting capability originate in the overseas theater (represented by the supported CINC block) and are passed to JCS and the services for validation. The JDA, acting as the deployment agent for the JCS, coordinates with the services and the transportation operating agencies or TOA's for both planning and execution in fulfilling these requirements.

SPECIAL TASK FORCE RECOMMENDATIONS

JDA must be strengthened:

JCS agent in deployment planning/execution process.
Provide information for JCS decisionmaking.
Focal point for deployment information.
Authority over execution movement schedules/modes subject to JCS/CINC guidance.
Specify ADP data requirements in support of JDS.
Play major role in plan and exercise scheduling.

The task force first determined that overall U.S. deployment capability could be enhanced through increased authority for the JDA during three phases of the joint planning and execution process: Peacetime deliberate planning, time-sensitive execution planning, and deployment execution and sustainment.

The specific recommendations for strengthening the JDA during those phases are listed in this graphic. These were approved by the Joint Chiefs of Staff on July 24, 1981, and most have been implemented.

During the review of the total deployment planning and execution system, the task force examined the capabilities of MTMC, MSC, and the Military Airlift Command (MAC) to transition from peace to war and to support wartime deployments and resupply requirements. This examination consisted of detailed discussions with senior people in these TOAs and the JDA, probing their functions, responsibilities, and interfaces with the organzations in the deployment community. Additionally, the CINC's answered specific task force questions regarding interfaces with the TOA's. Functionally and organizationally, the three TOA's have been structured to control specific segments of the transportation system. However, operational unit movements and resupply are dependent upon only two forms of strategic transportation—air and surface. It is in this context that the transition from peace to war was examined. To restate, this wartime perspective completely distinguishes the task force examination from past studies which focused on peacetime efficiency.

In the surface environment, present military transportation management is fragmented. The military traffic management command, a jointly staffed, Army command is the DOD single manager operating agency for military traffic and land transportation, as well as the operator of ocean terminals. While MSC, a Navy command, is the DOD single manager operating agency for sealift. Both TOA's are dependent upon the commercial transportation industry to accomplish their transportation missions. MTMC, who is not a mode operator, provides traffic management advice and negotiates tenders for all services with 6,800 carriers—MSC, a sealift operator, negotiates with 18 carriers.

The peacetime sustainment of our overseas forces is primarily accomplished by containerized shipments (approximately 80 percent). Contingency or wartime deployments are characterized by an immediate peak in requirements for breakbulk shipping to accommodate deploying units with their vehicles and equipment with the coincident decrease in requirements for containerized shipments. However, the requirement for breakbulk shipping then changes proportionally to container shipments as the sustainment phase becomes predominant.

These transportation requirements during deployments have changed little since the existing surface transportation system was established.

What has changed is the necessary coordination and management of these requirements that have become increasingly more complex due to the reduction in assets available to meet them and in the increased complexity of those assets that are available.

Statistically—during time of emergency or war, shipments for overseas destinations will occur at up to 1,500 depots, production plants and military installations within the CONUS. Thus land transportation, provided by up to 6,800 common-user carriers, would move the cargo from up to 1,550 inland origins to 77 ocean terminals to be loaded onto the ships of 18 ocean carriers for the sea leg. A complex task that is further hampered by the fact there are currently two managers of what is one surface system. Continued separation of responsibilities in the control of surface deployments perpetuates suboptimization of the land and sea segments, and adversely affects our capability to deploy and sustain our forces.

Organizational relationships in the military surface transportation have not evolved at the same pace as the almost revolutionary change that occurred in commercial industry during the late 1960's and 1970's. By 1970 about 33 percent of DOD's peacetime ocean export cargo, less ammo and aircraft, was moving via containers. This figure has now risen to approximately 79 percent.

The use of containers has brought with it another phenomenon—"source stuffing." Containers are stuffed, or filled, at an inland shipping site, moved to the port, loaded on a ship, and moved to the customer. Approximately 70 percent of DOD containerized cargo is source stuffed. In essence what has happened is that the ship's "hold" is being filled by the shipper, sometimes hundreds of miles from the water's edge. This phenomenon has distorted the clear-cut lines of segment demarkation so apparent during the previous era of breakbulk shipping which allowed clear differentiation between responsibilities for management of land movement, terminal operation and ocean movement. The increased use of containers and reliance on "source stuffing," which are faster, more secure and cheaper, have clouded this demarkation.

INTERNATIONAL CARGO MOVEMENT FUNCTIONS

	Carrier	MSC	MTMC	MAC	MTMC
Planning		X	X	X	X
Offering			X	X	
Receipt	X		X	X	
Booking		X		X	
Terminal operations	X		X	X	
Manifest			X	X	
Cargo summary			X	X	
Stow plans	X		X	X	
Customs			X	X	
Ship scheduling	X	X		X	
Arrival/departure message			X	X	
Container agreemen's	X	X		(1)	
Shipping agreements	X	X		(1)	

[1] Not available.

Simply stated, DOD can ill afford a segmented surface system with too many managers.

That's the problem. A completely integrated surface transportation system does not exist.

As an example, these next two graphics list some of the major functions in surface transportation and the organizations responsible for performing them.

The chart looks at cargo movements because most of the MTMC/MSC interfaces occur in that context. It addresses the predominant responsibility for each function, not minor or marginal participation.

The boxed X's represent those functions that were transferred from MSC to MTMC in October 1981. These functions are now being performed by the military export cargo offering and booking offices or MECOB's under MTMC. When viewed by the task force in the context of total integraton, the transfer was one step but by no means the final solution to the problem.

The numerous shared responsibilities illustrate the fragmentation, duplication, and numerous interfaces that characterize surface transportation. These interfaces can work in a peacetime environment, but under time-sensitive deployments during wartime or contingencies, these procedures lack timeliness and flexibility.

From the wartime perspective this serious management fragmentation causes concern.

INTERNATIONAL CARGO MOVEMENT FUNCTIONS

	Carrier	MSC	MTMC	MAC	MTMC
Shipping contracts	×	×		×	
Charters	×	×		×	
Billing	×	×	×	×	
Certification of services		×	×	×	
Contract administration		⊠		×	
Claims preparation		×	×	(1)	
Claims settlement	×	×	×	(1)	
Marad/industry, REPS POC	×	×	×	×	
Carrier POC		⊠	×	×	
Union relationships	×	×	×	×	

[1] Not available.

Rapidly rescheduling or redirecting the flow of traffic based on priority or schedule changes. This will be a critical shortfall during any transition to war when traffic volumes will rise sharply and available port and transport capability will require intensive management. The absence of this capability stems from lack of total surface system management and the inter-relationship of the segments managed by two separate commands from different services.

The part of the graphic, just uncovered, shows the international airlift cargo system which is controlled and operated by MAC, a specified command reporting to the Secretary of Defense through the JCS. MAC uses a systems concept that is based on wartime requirements and provides the necessary visibility and control for all cargo movements from the time it enters the aerial port of embarkation and exits from the aerial port of debarkation.

Organizationally and functionally, the required operational interfaces are in place and the necessary information base exists to effect timely decisionmaking. MAC's Flow Generator III is currently the only TOA software system that interfaces directly with the JDA to provide a limited reflow capability.

SPECIAL TASK FORCE ANALYSIS

MTMC/MSC interface shows fragmented surface responsibilities:

Integrated surface transportation system does not exist.
System requires multiple MTMC/MSC transactions.
ADP systems independent—applicable to segments of the movement system.
Cannot solve interface issues by transferring functions.
JCS/CINC's need single agency for wartime surface movement.

When viewed as a functional system for planning and moving cargo from origin to destination in wartime, it is clear that the surface system contains numerous interactions and complications which are neither necessary nor desirable.

The system is based on peacetime operations and is driven by economic rather than wartime considerations. The existing management fragmentation causes serious concern about our capability to transition to a wartime posture and provide effective wartime surface transportation.

SPECIAL TASK FORCE RECOMMENDATION

Integrate MTMC/MSC into single command reporting to JCS:

Eliminates interfaces, fragmented responsibilities.
Provides single command for wartime surface movement.
Provides single ADP system.
Probable peacetime savings.

The task force concluded that integrated management would provide the necessary direction to effectively operate a total surface movement system capable of smoothly transitioning to war. The task force recommended integrating MTMC and MSC into a unified surface transportation command reporting to the Secretary of Defense through the JCS.

On July 24, 1981, the Joint Chiefs of Staff unanimously approved this recommendation to integrate MTMC and MSC. This integration will provide the link that has been missing. That is, creation of a single strategic surface transportation system which, like the existing air system, will streamline and reduce the time required to complete war plans. It will also improve responsiveness to the CINC's in wartime, thereby significantly enhancing the operational readiness of the surface line of communication to deploy and sustain operating forces.

Based on this, the Joint Chiefs of Staff unanimously recommended that the Secretary of Defense approve a concept of an integrated command. On September 16, that Deputy Secretary of Defense approved the recommendation for planning purposes and requested the Joint Chiefs of Staff plan for implementation. The remainder of the briefing will describe the implementation plan the task force developed for the integration. It will highlight the mission statement and organizational and command relationships to achieve complete integration.

GROUND RULES FOR IMPLEMENTATION PLANNING

1. Wartime responsiveness will be a basis for developing organization functional relationships.
2. The organization will be a single command reporting through the Joint Chiefs of Staff to the SECDEF.
3. Responsibilities of the new command will not exceed those of MSC and MTMC.
4. Missions of the two commands will be given equal priority in the integration.
5. The new command will be integrated into a single organization at all echelons (headquarters, area commands, field offices/TTU's).
6. The headquarters will be located under one roof.

The planning began with the development of general ground rules. These were based on the original recommendations approved by the JCS, and also on comments made by the JCS during their deliberations.

STEERING GROUP

JCS—Lt. Gen. James E. Dalton, Director, Joint Staff, Chairman. Lt. Gen. Oren E. DeHaven, Director, Logistics (J–4), Vice Chairman.

OSD—Mr. Paul J. Hymann, Director for Transportation and District Policy.

Secretary of the Army—Mr. Eric O. Orsini, Deputy for Logistics.

Secretary of the Navy—Mr. Andrew S. Prince, Deputy Assistant Secretary (Sealift and Maritime Affairs).

Secretary of the Air Force—Mr. Lloyd K. Mosemann II, Deputy Assistant Secretary (Logistics).

Army—Brig. Gen. Francis J. Toner, Director, Transportation Energy and Transportation Support.

Navy—Rear Adm. Robert E. Kirksey, Deputy, Operations Depot.

Air Force—Brig. Gen. John A. Shaud, Assistant Deputy, Operations Dept.

Marine Corps—Brig. Gen. Grank E. Peterson, Director, Facilities and Services Division.

The Deputy Secretary of Defense approval contained instructions to expand the special task force to include full-time representation from MTMC and MSC. It also established a senior-level steering group chaired by OJCS, with representatives from the Office of the Secretary of Defense, the Secretaries of the three military departments, and flag officers from all four services. The steering group was formed to review and guide the efforts of the special task force and insure that all issues were addressed.

MISSION STATEMENT

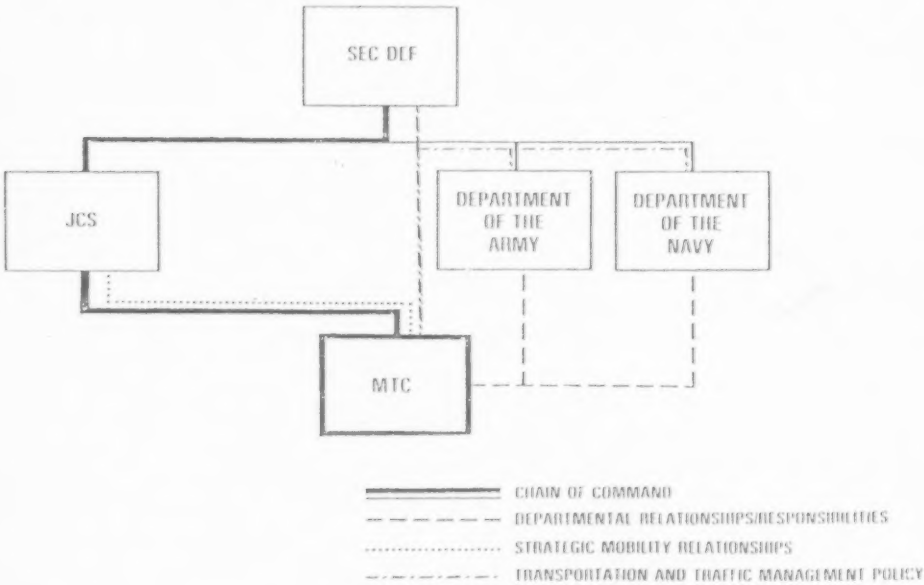
To provide or arrange surface transportation and associated support to deploy and sustain military forces to any theater in support of national security objectives.

The mission statement in the plan is short and to the point.

The primary thrust of the mission statement is taken from the JCS definition of strategic mobility, and in the task force view, has all of the important components of a mission statement—task, purpose, and reason—the task (provide or arrange surface transportation), the purpose (to deploy and sustain military forces), and the reason (support of national security objectives).

Surface transportation refers to CONUS common-user transportation, assigned common-user ocean terminals, civil transportation, sealift, and related traffic management responsibilities.

COMMAND RELATIONSHIPS



This graphic shows the organizational relationships that are vital for each of the organizations shown to fulfill their responsibilities. This shows the Service Secretaries continuing in their role of supplying, training, and equipping their forces. The commander, who may be either an Army or Navy officer, will be responsible to both the Secretary of the Army and the Secretary of the Navy. The responsibilities and functions of the services and the military transportation command will explain why these relationships are necessary. The Secretary of the Army is responsible for military traffic, land transportation, ocean terminals, and intermodal movement of containers. MTC performs these functions as an agent of the Army. Likewise, the Secretary of the Navy is responsible for sealift, and MSC is his agent.

Under the new structure, the Service Secretaries will retain their responsibilities, while the Military Transportation Command will be a single agent managing land and sea transportation, military traffic, intermodal movement of containers, and common-user ocean terminals.

MILITARY DEPARTMENT RESPONSIBILITIES

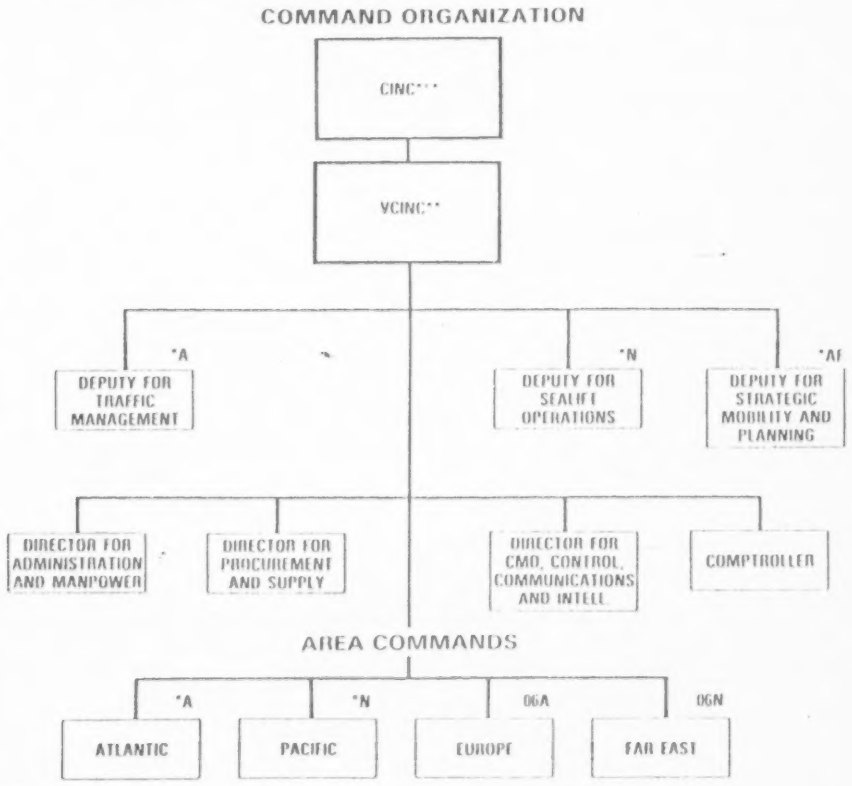
DA, DN will be directly linked to new command:
- Linkage necessary for services and new command to prepare for war.
- Retains military orientation to deploying/sustaining forces.
- Provides greater flexibility in support of wartime requirements.
- Linkage required to perform peacetime traffic management and sealift.
- JCS only involved in wartime transportation and traffic management.

Here are military department responsibilities. These relationships must be maintained for resource support and service participation. Note: JCS involvement is only in wartime transportation and traffic management.

SPECIAL FUNCTIONS

All functions and responsibilities currently assigned to MTMC and MSC are to be integrated.

All responsibilities and functions currently being performed by MTMC and MSC will be integrated into the military transportation command. The Joint Chiefs of Staff determined that none of the functions currently being performed by MTMC and MSC will impede the integrated command from performing its wartime mission. In short, the military transportation command will be responsible for planning for and providing surface transportation in support of strategic mobility requiremnets stated by SECDEF and the JCS. The command will provide all of the traffic management and sealift support which the DOD community has learned to expect from MTMC and MSC.



The new command will have specific functions in the areas of traffic management, sealift operations, and strategic mobility planning. This establishes, under a single commander, the capability and assets to deploy and sustain military forces worldwide with surface transportation.

Another important factor about the new command is portrayed on this chart. There are no components. The introduction of separate Army and Navy components would have merely resulted in additional layers of command over the present structure. What has happened, contrary to charges levied at our department on growth of commands, is that two commands have been replaced by one.

One benefit of the integration is that hardly any changes will be experienced at the operating levels. Naval fleet auxiliary force vessels, as an example, will continue to be controlled, as today, by naval fleet CINC's in command of their area of operation. All operational elements will continue much as today with the significant changes occurring only at top levels of management and planning in the military transportation command.

Another benefit is that the shipper services and the commercial carriers will have a single point of contact.

SPECIFIED COMMAND	UNIFIED COMMAND
Broad continuing mission.	Broad continuing mission.
Normally composed of forces from one Service.	Composed of significant assigned forces of two or more Services.
Established and so designated by the President, through the Secretary of Defense with the advice and assistance of the Joint Chiefs of Staff.	Established and so designated by the President, through the Secretary of Defense with the advice and assistance of the Joint Chiefs of Staff.

It is important here to note that the task force was forced to deviate from its model, the airlift system. As stated earlier, MAC is a specified command. The most simplistic command alignment for the new Military Transportation Command would have been to recommend that it be organized as a specified command under the Army or Navy, just as MAC is under the Air Force. However, this would have denied the true environment in which this command will operate, land and ocean. It was considered essential that the Department of Army expertise, experience and affinity for land operations be retained. Likewise, the Department of Navy expertise, experience and affinity for sealift operations, shipbuilding, ship repair and ship maintenance, and procurement should be retained. Although not traditional, the proposed linkages through the two Service Secretaries retain these valuable relationships and insure the commitment of both departments in this essential portion of the deployment community. It is considered imperative that these departmental relationships be maintained for resource support and service participation.

The specified command structure does not facilitate the maintenance of these important relationships. And because the command will consist of significant forces from more than one service, the JCS decided the integrated organization will be a unified command.

HEADQUARTERS AND MAJOR UNIT LOCATIONS

I have talked about responsibilities and functions being smoothly integrated. Now let me show you how it looks geographically. First, present MSC headquarters and major unit locations.

Then MTMC locations:

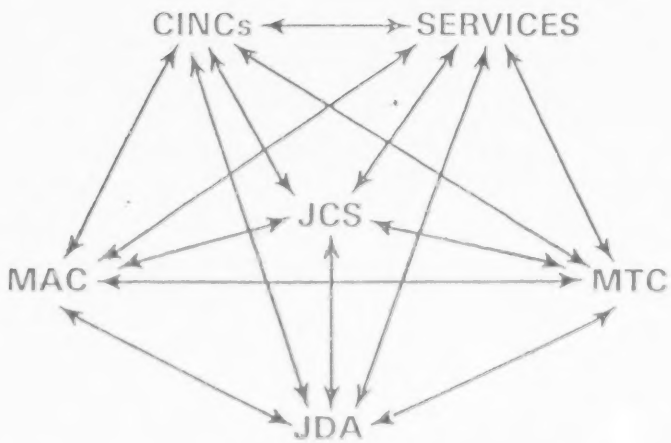
Most MSC and MTMC headquarters and major units are either located in the same city or installation, and in some cases, even in the same building. If we consider the MECOBOS, there would be even more collocation.

BENEFITS OF INTEGRATION

Improves responsiveness to CINC's in war.
Reduces OPLAN refinement/approval time.
Single strategic surface transportation system.
Reduces interfaces with deployment community.
Single surface transportation industry interface.
One ADP system to provide total origin/destination cargo visibility worldwide.

Here are the concrete benefits of the integration of MTMC and MSC as recommended by the Joint Chiefs of Staff. As you can see, each one is keyed to an improvement in our ability to plan for and execute deployment and sustainment of our forces.

STRATEGIC MOBILITY SYSTEM



The synergistic effect of the JDA enhancement and the integration results in a significant enhancement of the strategic mobility system. The creation of a single point of contact in surface transportation, the Military Transportation Command, to interact with the JCS's deployment agent, JDA, reduces the planning cycle and simplifies the exchange of data essential to force deployment and sustainment.

The interaction between MAC, the Military Transportation Command, and JDA facilitates rapid, responsive decisionmaking as available transport capability is matched to movement requirements. This enhances the operational readiness of the mobility system.

With JDA acting as the link between either the JCS or supported CINC's and the transport operators, data are rapidly disseminated. This will facilitate decisionmaking and implementation. The system which evolves is depicted on this graphic.

WITHOUT INTEGRATION

Operational readiness suffers:
No single surface transportation system.
No common doctrine.
War planning encumbered.
Time-sensitive operations impaired.
Cumbersome lines of communication.
Counter productive suboptimization.
Hostility remains.
Continued overlaps.
Sealift stepchild.
Additional management information system.

In summary, I want to tell you what will happen if MTMC and MSC are not integration into the Military Transportation Command.

Operational readiness will suffer because:

There will be no single strategic surface transportation system.

There will continue to be no common doctrine that will produce the proper balance of centralized control and decentralized operation.

War planning cannot be streamlined because we will still have an unnecessary extra step in our plan refinement process.

Our ability to react to a multiple-plan or no-plan, time-sensitive crisis will still be impaired.

Cumbersome lines of responsibility and communication during transition to war will persist.

The two commands, under separate services, will continue to optimize their individual segments at the expense of the entire transportation system.

Coordination and cooperation between the two commands will continue to disintegrate.

Overlaps, fragmentation, inefficiencies, and redundancies between the two commands will continue.

There will be a lengthy and expensive development of an additional management information system for MSC.

This list of deficiencies was developed by the JCS joint task force.

The bottom line is that these problems can be rectified by integrating MTMC and MSC into a unified command—the Military Transportation Command. Gentlemen, it is the unanimous finding of the Joint Chiefs of Staff that our wartime deployability and sustainability worldwide will be enhanced by this integration.

MARAD AND INDUSTRY OPPOSITION TO MTC

Senator TOWER. Admiral Carroll, the Committee has been informed by the Maritime Administration in the Department of Transportation and by representatives of the maritime industry that they do not support this proposed integrated command. What impact would this new organizational arrangement have on the U.S. Merchant Marine, and why would they oppose this change?

ANSWER. It is difficult to predict what the impact of the proposed new organization will be on the U.S. Merchant Marine. However, I think any opposition might stem from a concern that the importance and size of sealift programs and sealift's pivotal role in deploying and sustaining forces will be diminished.

The Navy, the Maritime Administration, and the sealift industry have many established interfaces and joint programs to foster and support that critical capability. And, the Secretary of the Navy has specific statutory responsibilities. in concert with MARAD, regarding the development of an adequate and well balanced merchant fleet that can be quickly converted for defense use and for determining whether our shipbuilding base is adequate for defense needs. Sealift is therefore viewed as an important player in the strategic mobility equation as well as one of the two components that provide for the total application of sea power, logically falling under direct Navy control and support.

To explain in detail how we interact with MARAD and the maritime industry, the following information is provided. Navy funds support the Ready Reserve Force segment of MARAD's National Defense Reserve Fleet. The Navy's MSC is a strong supporter of the U.S. flag fleet. Today, MSC activities generate approximately 25 percent of all U.S. seafaring jobs and about 75 percent of our expenses are paid directly to the private sector of the sealift industry. We paid out more than $1.3 billion in FY 1981 for such services as ocean freight, vessel charters, and maintenance and repair of MSC nucleus fleet (government owned) ships.

Our build and charter tanker program to develop the maritime pre-positioning ship force and the conversion of the SL–7s could generate more than $15.9 billion in revenue to the maritime industry between now and FY 1986. This figure includes our industrial fund expenditures for operation and maintenance of the MSC fleet.

BENEFITS TO THE U.S. MERCHANT MARINE

Senator TOWER. Secretary Carlucci, the U.S. merchant fleet is in a declining position and yet we all recognize that this fleet is vital to our national security. How will the integration of the MSC and the MTMC assist in revitalizing the U.S. merchant marine and its related industry?

ANSWER. Your question must be answered from a sealift and an overall transportation perspective. Both sealift and surface transportation in general have suffered from the lack of high level attention in the Department of Defense. The importance of airlift to rapid reinforcement of Europe and quick response to other emergencies has long been recognized. Airlift forces are now fully integrated in the Military Airlift Command, a specified command reporting to the JCS in wartime, exercises and crisis and the Secretary of the Air Force in peacetime. We have belatedly come to realize the importance of surface transportation to our capability to deploy and sustain forces in large numbers in a theater of operation. By establishing the Military Transportation Command, we will elevate sealift and surface transportation as a whole to a level in DoD equivalent to that of airlift. Under this arrangement, the MTC will receive the priority attention of the JCS and Secretary of Defense that unified and specified command status requires. We believe that this attention should benefit the U.S. merchant marine and its related industry. It is this industry on which we rely to provide the bulk of our sealift in peace and war. The Secretary of the Navy will exercise primary responsibility for sealift matters, and he will continue to represent the DoD in matters relating to revitalizing the U.S. merchant marine and its related industry.

EXPORT CARGO OFFERING AND BOOKING FUNCTION

Senator TOWER. You project that "200 to 300 personnel spaces" will be eliminated through attrition as a result of this consolidation. The export cargo booking function was transferred from MSC to MTMC. Please tell us, Mr. Secretary, how many jobs have been eliminated by this transfer?

ANSWER. No jobs have been eliminated as a result of the consolidation of the export cargo offering, booking and contract administration. The Military Export Cargo Offering and Booking Offices (MECOBOs) are now operating worldwide with MTMC and MSC personnel who previously worked in the separate cargo offering, booking and contract administration areas. At the time this consolidation was directed, it was agreed that a manpower survey would not take place until a final decision was made on the full integration of MTMC and MSC. As this function is automated and new management procedures are introduced, we fully anticipate that manpower savings will be realized. The purpose of this consolidation was to improve the management of DoD cargo and this has been achieved. Estimated annual savings of $4.7 million are being realized through better traffic management.

Senator TOWER. What do the unified/operational commanders believe to be the best organization to support them in fulfilling assigned operational responsibilities? After all, it is they who have the war-fighting responsibilities and it is they who will suffer when critically needed personnel and supplies are not received in a timely fashion.

ANSWER. The primary concern of the unified/operational commanders is how the system responds to their requirements during wartime. The MTC organization was put together with the theater commander in mind and the need to respond to his changing operational requirements. The planning and execution process is streamlined and expedited by having one command instead of two. The interfaces and coordination with the entire deployment community are reduced, making the system more responsive to the CINC's requirement. A single commander would insure an integrated ADP system that provides a single Joint Deployment System interface and, most importantly, a real-time reflow capability to accommodate changing requirements and priorities established by either the CINC or the Joint Chiefs of Staff.

The unified/specified commanders were questioned about a central authority to control deployments and the role that authority should play. Their responses resulted in the Joint Chiefs of Staff expanding the scope and authority of the JDA. Besides identifying the inability of MTMC and MSC to reflow unit equipment and cargo they also included in their responses comments that led the Joint Chiefs of Staff to look more closely at linking the TOAs to the Joint Chiefs of Staff for more immediate wartime response.

Perhaps, more importantly, CINC US Readiness Command has testified that the integration of MTMC and MSC would benefit him in his role as Director of the Joint Deployment Agency. Given his responsibility to deploy forces to supported CINCs this is a very significant comment. One other CINC, CINCPAC, has specifically commented on the JCS implementation plan and stated that review does not reveal any demonstrable adverse impact on PACOM operations.

Senator TOWER. Mr. Secretary, please give specific examples of problems that DOD has encountered with the organizational structure and then explain in detail how the merger of the Military Sealift Command with the Military Traffic Management Command will cure these problems?

ANSWER. The specific problem areas encountered fall in four basic areas: ADP, reflow capability, sequential planning and suboptimization.

ADP.—The ADP systems of MTMC and MSC are in different stages of development. MTMC hopes to interface with the Joint Deployment System in fiscal year 1983 while MSC's program is still developmental and is projected for fiscal year 1987. Their ADP systems are designed to be responsive to command programs and are independent of each other. They are not capable of information exchange thus complicating deployment planning and execution.

Reflow.—The ability to reflow, i.e., reschedule and redirect the flow of traffic based on priority or schedule changes, is non existent in the two commands. This is a critical shortfall during any transition to war when traffic volumes will rise sharply and available port and transport capability will require intensive management. Integrating MTMC and MSC will eliminate the requirement for both commands to develop this capability independently. It will also provide a single capability to support a single surface system.

Sequential Planning.—The transportation operating agencies develop supporting plans to the CINC's operations plans in sequential order. One must finish before the other begins. Establishing the Military Transportation Command will eliminate one of these sequential steps by establishing one surface system. Many days will be saved during the plan refinement process and many hours will be saved during execution.

Suboptimization.—Each command currently has responsibility for part of the surface system causing some overlaps and many interfaces. Each commander does his job to the best of his ability but seeks to improve his segment. This suboptimization precludes a smooth operation of the entire surface system.

Under the current arrangement there are two different wartime transportation systems. The airlift system has a direct link with the Joint Chiefs of Staff while the surface system is not immediately responsive to them. It is linked to two different Service Secretaries and therefore is insulated from the Joint Chiefs of Staff and responds to two different sets of logic and doctrine.

We see the Navy command, MSC, scheduling ships to ports in response to considerations of submarine threats, convoying, ship "wettime" and port availability. The Army command, MTMC, schedules cargo and unit equipment to ports based on truck and rail capability/availability, the shortest and most effective routing, port saturation and port throughout capacity. During dynamic situations the ports selected are not necessarily the same. Each command tries to optimize their segment of the surface system which results in a suboptimization of the total system.

The JCS proposal provides a single logic and control for the total surface system. One commander in charge, with oversight and responsibility for the entire system, can make the proper trade-offs to provide the most effective and responsive system in support of the theater commanders.

COST SAVINGS THROUGH CONSOLIDATION

Senator TOWER. Mr. Secretary, DoD testified before the House Armed Services Committee that the proposed consolidation should exceed $10 million annually. Please explain in detail how DoD computed such savings and at what point in time such savings will begin to be realized.

Explain in detail the initial administrative and relocation costs associated with this proposed consolidation.

I doubt that any DoD consolidation has actually resulted in cost savings that were originally projected; therefore, the real issue here is whether this consolidation would significantly improve our ability to transport personnel and materiels under wartime conditions with greater speed and efficiency than is now possible.

ANSWER. We completely agree that the real issue here is whether this consolidation would significantly improve our ability to deploy forces and materiel. We are convinced that the Military Transportation Command will be a major improvement to our force deployment capability. We also fully expect to realize significant cost savings through consolidation of headquarters and field activities.

The $10 million annual savings is based on an estimate made by Harbridge House, Inc., in their contract study of DoD transportation organization. They concluded that we could eliminate approximately 200 military and civilian personnel spaces and associated overhead by consolidating the MTMC and MSC headquarters in Washington; Oakland, California and Bayonne, New Jersey. These reductions could be achieved principally in the support areas where each command has offices performing like functions, i.e., comptroller, personnel, planning, procurement and management information systems. We believe the Harbridge House estimate is conservative since they did not consider potential consolidation savings in overseas activities and other field activities.

We plan to establish the Military Transportation Command early in fiscal year 1983, but we expect that slippage in the operational date and startup costs may preclude significant savings in FY 1983. For these reasons, we have programmed $10 million in annual savings beginning in FY 1984. Initial administrative and relocation costs have not been determined but, as indicated, we have allowed for this in our programming. Since the headquarters activities involved in the integration are already collocated, for the most part in the same metropolitan area and in two instances on the same installation, we expect relocation costs to be small.

EXPORT CARGO OFFERING AND BOOKING CONSOLIDATION

Senator TOWER. Mr. Secretary, do consolidations really work? We understand that the export cargo booking function was accomplished in order to shorten order and shipping time for supplies. Please tell us how much overseas stock levels have been reduced by this action. Specific examples would be useful.

In addition, please tell us how many jobs have been eliminated by this transfer.

ANSWER. The transfer of cargo booking and contract administration functions from the Military Sealift Command (MSC) to the Military Traffic Management Command (MTMC) was directed in order to eliminate the duplication of effort that existed between the two commands. This duplication was identified in various studies, to include one conducted by the House Appropriations Committee, Surveys and Investigations Staff. The transfer of cargo booking and contract administration functions from MSC to MTMC has achieved significant savings in terms of decreased time to perform the offering/booking function and administrative efficiencies that accrue from having one command perform the operation rather than two. Time saved is measured by the reduction in time it takes MTMC to receive an export requirement from an origin shipper, arrange for cost effective land and sea carriage, and respond back to the origin shipper. Savings in response time range from 25 percent to 50 percent. Administrative efficiencies range from consolidation of files and elimination of forms to a reduction in communication time and expense made possible by having one command rather than two perform consolidated offering/booking and contract administration. The number of transactions required in the cargo offering/booking/release program has been reduced by 25 percent. An example is the vessel files that were maintained by both MSC and MTMC for each of 7,000 voyages annually. MTMC now maintains a single file for each voyage (7,000 versus 14,000) and saves the clerical/administrative expense associated with maintaining duplicate files.

As of October 5, 1981, MTMC became the single manager for intermodal containers. Current savings in transportation dollars are estimated at $4.7 million annually and will increase as MTMC automates and improves procedures for the management of intermodal containers. An example of one program contributing to the $4.7 million savings is the MTMC Sea Express Program. The program is being started for the Navy in the Pacific. It requires a four-hour offering/booking response time and therefore permits the Navy to divert cargo from expensive air shipment to surface shipment. The Navy estimates an annual savings of $1.5 million for the Pacific area alone. This program, with its four-hour response time would be impossible under the old procedures. One manager dealing with the shipper and ocean carrier permits the rapid response that is necessary to expedite urgent cargo/offering requests.

The use of oversea stock levels as a measure of success for this action is somewhat inappropriate, at this point in time, since reduced stock levels are directly related to actual order/ship time, Service's reorder procedures, and stock/safety level policies. Although there has been a reduction in the amount of time required to offer and book cargo, there will not necessarily be a corresponding decrease in stock levels. However, the reduction in offering and booking time enhances the

opportunity for the Services to reduce their oversea stock levels provided ship departure schedules and vessel turn-around time can be reduced correspondingly. The transfer of functions already completed does not affect ship scheduling or turn-around time since that responsibility continues to remain with MSC. Once the consolidation of the two commands is accomplished and one commander is in charge, we will have an increased opportunity to further refine the total surface line of communication and only then will we be in a better position to impact the oversea stock level.

It has been this Department's policy not to eliminate any jobs until the integration of MTMC and MSC has been finalized. We will make every attempt possible to accomplish any reduction in the number of personnel through attrition once the consolidation is completed. However, as MTMC automates and introduces new management procedures, manpower savings will be possible. MTMC is currently in the process of identifying specific personnel savings that result from elimination of the duplicative effort. These savings will be documented by a manpower survey that will carefully assess both peacetime and wartime workloads, and ensure that high payback areas are adequately manned for the future. It must be emphasized that significant benefits have been achieved to date by applying only the MTMC and MSC manpower previously engaged in separate management of the function. More manpower has not been applied, nor will it be required.

NAVY SHIPBUILDING AND SHIP OVERHAUL RESPONSIBILITIES

Senator TOWER. This consolidation centralizes funding decisions in OSD at the expense of the individual services. As a practical matter, doesn't this consolidation simply expand even more the authority of OSD to force decisions on shipbuilding and overhauling at the expense of programs preferred by the Navy? And doesn't this conflict with DOD's recent efforts to maximize management control at the Service level—an objective which I applaud?

ANSWER. No. This consolidation does not in any way expand OSD authority in shipbuilding and overhaul programs or conflict with management control at the Service level. The shipbuilding and ship overhaul programs are managed by the Secretary of the Navy and the Chiefs of Naval Operations. These responsibilities will continue undiminished with the Navy after the integration. The Commander, MTC will work under the guidance of the Secretary of the Navy and the Chief of Naval Operations in this area just as MSC does today.

STATUTORY RESPONSIBILITIES OF THE SECRETARY OF THE NAVY

Senator TOWER. Mr. Secretary, the Secretary of the Navy has statutory responsibilities to interface directly with the U.S. merchant fleet and the Maritime Administration. When normal interface with the industry by the Military Sealift Command is removed from the Navy, how will the Secretary of the Navy be able to comply with statutory direction. We understand that the export cargo booking function has been transfered to MTMC. What cost savings have occurred from this transfer?

ANSWER. The charter for the Military Transportation Command which has been approved by the Joint Chiefs of Staff specifically provides that the Commander will report to the Secretary of the Navy on maritime matters, including those established by the Merchant Marine Act of 1936 and other applicable statutes. In addition, the charter confirms that the Secretary of the Navy is the single interface with MARAD for all policy matters regarding ocean transportation, shipbuilding and sealift readiness.

Since the booking and contracting administration functions were transferred to the Military Traffic Management Command (MTMC), the Commander, MTMC, reports matters pertaining to sealift contract administration to the Military Sealift Command (MSC). This technique has worked and enabled the Navy and MSC to continue to maintain a normal interface with the maritime industry. The consolidated worldwide cargo offering and booking operation is producing estimated annual savings of $4.7 million in DoD transportation dollars. We expect this to increase as automation and procedures are improved for cargo management.

Senator TOWER. Recognizing the responsibilities of the Navy, why wouldn't it be better to establish a specified command assigned to the Navy much in the same manner as was done with the Military Airlift Command of the Air Force?

We recognize that consolidation will result in initial administrative and relocation costs.

ANSWER. The responsibilities of the Army must also be recognized. The Army traditionally, in both CONUS and overseas, has responsibility for land transportation. In addition, the Army has responsibility for traffic and intermodal container management and ocean terminal operations. The traffic management aspect influences approximately $8 billion worth of cargo moving in the defense transportation system. In peacetime, the Army, as the primary customer, is the shipper of approximately 64 percent of the cargo and in war approximately 90 percent. Until 1947, the Army operated its own ships, in addition to operating the ports and managing land transportation, in support of deployment and sustainment of forces. Today, the Army is dependent on others to provide transportation assets to get to war. The creation of the Military Transportation Command includes the traditional responsibilities of the Army and its primary means of transportation for deploying and sustaining the force—sealift. The Army's vested responsibilities and inherent interest in sealift necessitates Army participation in the Military Transportation Command, evenly balanced wth the Navy. Since there will be forces from both the Army and the Navy, this can best be accommodated through a unified command structure.

HOUSEHOLD GOODS SHIPMENTS

Senator TOWER. Mr. Secretary, the Military Traffic Management Command now has worldwide responsibility for the shipment of household goods. If the integrated command is established, don't you think that it is somewhat ludicrous for the Joint Chiefs to be responsible for the pots and pans shipments of Service members?

ANSWER. The JCS would have no responsibility for household goods shipments. The JCS involvement in transportation and traffic management policy is limited to those matters that have wartime implications. The Military Transportation Command would manage the household goods movement and storage program under the policy guidance of the Secretary of Defense.

Senator TOWER. In view of your desire to consolidate transportation services, and the trauma of reorganization, why does your proposal omit MAC, the air part of the transportation triad?

ANSWER. The Military Transportation Command was not the result of a push for centralization of TOAs into a super "TOA." Rather it was recommended to resolve what the Joint Chiefs of Staff viewed as a genuine problem in the surface deployment and sustainment system and in peacetime operations. The air line of communication is already consolidated under MAC. MAC owns and charters the aircraft, operates the aerial ports and manages the flow of passengers and cargo through the airlift system. MTMC and MSC split these responsibilities in the surface system. The goal of the Joint Chiefs of Staff proposal is to achieve the same level of integration for the surface line of communication, through which 95 percent of the wartime cargo moves, as presently exists in the air system.

Senator TOWER. Mr. Secretary, you are no doubt aware of the dismal future facing the U.S. merchant marine and related industry. Could you tell us what actions the Army has taken recently to assist in revitalizing this ailing industry?

ANSWER. The Army recognizes and supports the need for a strong Merchant Marine to meet our wartime requirements, when over 90 percent of their equipment and supplies will move by sea. A major problem has been the fact that the military requirement for fast militarily useful ships, such as roll-on, roll-off, is incompatible with the industry's trend toward containerization. While it is, and will continue to be, a Navy responsibility to actually procure and maintain ships, Army has provided Navy with its wartime movement requirements as a basis for their sealift readiness programs. Army has actively supported Navy's efforts to improve strategic sealift through such programs as the SL–7 purchase and conversion, the Near Term Pre-positioning Force and increase in the size of the Ready Reserve Fleet. We expect this support and coordination to continue.

As an example of a peacetime initiative, the Army (Military Traffic Management Command) has recently initiated a "Sea Express" program for the Navy that diverts air eligible cargo to surface by expediting every stage of cargo booking and movement. This is possible because the offering, booking and contract administration functions have been consolidated under one manager. The Navy estimates a cost avoidance of $1.5 million a year in the Pacific alone. In addition to the cost avoidance, this action will generate more cargo for movement by com-

mercial ocean carriers. This program will be expanded to other areas as experience is gained.

Senator TOWER. Mr. Secretary, if MTMC and MSC are integrated, how will the strategic mobility posture of the Army be improved?

ANSWER. The Army has a vested interest in the efficient operation of the Defense Transportation System for the strategic lift resources necessary to deploy and sustain forces. Army views the JCS recommendation to integrate MTMC and MSC into one command as a major step toward improving our goal to war capability. This recommendation creates, after years of study, an organization that can rapidly transition to war. It will provide total control of the surface lift movements from origin to destination. Additionally, the integration provides for the involvement of both the Army and Navy in areas of assigned Service responsibilities. The system of checks and balances with respect to SECDEF, JCS, Army and Navy, provides the mechanisms for resolution of problems and priorities. The new command will improve coordination and effectiveness in dealing with shippers, commercial industry and more importantly, the JDA. Automated systems can be merged to provide for a single data base for surface movement. This will improve the information and data exchange with the deployment community and significantly enhance the deployment and sustainment of our forces.

SECNAV RESPONSIBILITIES FOR M/M ACT OF 1936 UNDER MTC

Senator TOWER. Admiral Carroll, if MSC and MTMC are integrated and the sealift function is no longer within the Navy, how can the Secretary of the Navy properly fulfill his responsibilities for the U.S. flag fleet as set forth in the Merchant Marine Act of 1936?

ANSWER. The merger plan recognized the Secretary of the Navy's responsibilities under the Merchant Marine Act of 1936, and provides that he remain "the single interface with MARAD for all policy matters regarding ocean transportation, shipbuilding and sealift readiness." It further provides that the Military Transportation Command has management and operations responsibilities for maritime matters under the 1936 Act through the Secretary of the Navy to the Secretary of Defense, and that Command is directed to establish liaison with MARAD and other DoD components for coordination of strategic mobility issues.

None of these provisions of the merger plan appear to alter the Secretary of the Navy's statutory requirements of cooperation with MARAD in the development of an adequate and well balanced merchant fleet for defense use during a national emergency under Section 210 of the 1936 Act or for approval of individual ships for purchase, defense features or subsidy under Sections 215, 501 and 610 or for review of shipyard capability under Section 502. However, performance of these responsibilities could suffer if the present, close relationships between the Navy, MARAD and the maritime industry are diminished through organizational changes which would no longer have Navy in direct and continuing control of sealift operations in contingencies and wartime.

SHOULD MTC BE A SPECIFIED COMMAND?

Senator TOWER. Admiral, if MSC and MTMC are to be integrated, don't you think that a specified command within the Navy similar to the Military Airlift Command (MAC) in the Air Force would be the most preferred alignment?

ANSWER. I am concerned about the maintenance of direct Navy support of sealift, not so much with the specific form of the new organization. If provision is made for the new organization to be commanded permanently by a naval officer, the probability of maintaining the necessary Navy control and sealift enhancement program support would be enhanced.

CONFLICT BETWEEN MTC, CINC AND CNO ON NFAF MATTERS

Senator TOWER. Admiral, wouldn't the person in direct charge of the Navy oilers and supply ships be reporting directly to the Chief of Naval Operations? Would this not increase the probability that these necessary support vessels would be less responsive to CNO's desires if the CINC and CNO were in disagreement?

ANSWER. The answer to the first question is very simply no. The MTC implementation plan provides that a Navy one-star commodore always will serve as

the MTC "Deputy for Sealift Operations," directing the operations of MTC controlled fleet assets during crisis and war and providing sealift capability to DOD components during peacetime. This Deputy reports directly to the MTC Commander, who in turn is responsible to the Secretary of Defense through the Secretary of the Navy for sealift functions. These sealift functions include Naval Fleet Auxiliary Force (NFAF) oilers and supply ships. The MTC Commander (either Army or Navy) also is required to communicate directly with the CNO on matters that are the responsibilities of the Navy and would normally be the responsibility of a Navy component commander, when assigned. So, the MTC Commander has definite responsibilities through and to the Secretary of the Navy and the CNO but his Deputy for Sealift Operations does not. Therefore, in answer to your second question, and given a situation where the MTC Commander and the CNO were in disagreement, it would be likely that responsiveness to CNO's desires would be diminished.

As a related point, I would like to explain NFAF operations today. The direct operational control of the oilers and supply ships is held by a major fleet commander, such as CINCLANTFLT and CINPACFLT. The major fleet commander exercises operational control as a component commander of a unified command, such as CINCLANT and CINCPAC. The unified commander reports not to individual service chiefs, but to the Secretary of Defense, via the Joint Chiefs of Staffs. The responsibility for administration and support of those ships assigned to unified commands rests with the parent service. In the case of MSC oilers and supply ships, MSC acts, for the CNO, as a major type commander responsible for organizing, equipping and training the ships. This type commander function would be vested in the new MTC, with the commander responsible to the Secretary of the Navy and the CNO as previously explained.

DUPLICATION OF MSC

Senator TOWER. To attain the requisite and necessary control afforded by a direct line relationship to the CNO by the officer in charge of the above oilers and supply ships, would not a large part of the present MSC need to be replicated?

Admiral CARROLL. If MTC is created, special procedures would have to be developed to establish a direct line relationship with the CNO regarding the responsibilities for administration and support of the NFAF oilers and supply ships. If such a relationship is not established and if the Navy exercises its option to withdraw or reassign fleet support ships from MTC, an option provided under the implementation plan, then a part of the current MSC organization would have to be duplicated. It would be possible to avoid duplication if all functions are integrated and remain so.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

Senator THURMOND. Secretary Carlucci, do any of our allies have such a system (proposed Military Transportation Command)? If so, what lessons have you learned from their experience?

ANSWER. Two of our NATO allies (Great Britain and Belgium) have centrally controlled transportation operations under their central military authority in wartime. However, their systems are not directly comparable to our defense transportation system. They have not established requirements to deploy forces and material in the volume and geographic scope as has the United States. There is no comparable system to use as a model. As an example, in the recent Falkland Islands situation, Great Britain's movement of troops and resupply was small in size when compared to what the U.S. would move in wartime.

Senator THURMOND. Mr. Secretary, how will the above proposal interface with the systems used by our NATO allies?

ANSWER. There would not be a direct operating interface between the military transportation systems of our allies and the Military Transportation Command. There would be coordination in those instances where transportation resources are shared or when supporting a joint operation. The Military Transportation Command would have a direct interface with the commercial transportation systems of our allies since they are the source for the majority of the inland surface transport required by U.S. forces in the theater in both peace and war. This relationship would be simplified since the host country authorities would have to deal with only one U.S. command rather than two in arranging for the discharge and onward movement of U.S. Defense cargoes. Likewise, the U.S.

commander in the theater would enjoy the benefits of a single point of contact for surface shipments.

Senator THURMOND. Mr. Secretary, in your prepared testimony you stated that one major command headquarters and four subordinate headquarters will be eliminated. What reduction in flag and general officers will be realized if you are allowed to move forward with your proposal?

ANSWER. The JCS Implementation Plan provides that the new command would be authorized the same number of flag and general officers as the Military Sealife Command and the Military Traffic Management Command are today. However, after implementation, the command would be subjected to a complete manpower survey which would include a review of requirements for general and flag officers.

Senator THURMOND. Mr. Secretary, what reservations, if any, have the Secretaries of the Army and the Navy expressed about this proposal (proposed Military Transportation Command)?

ANSWER. We are not aware of any reservations expressed by the Secretary of the Army. The Secretary of the Navy has expressed the concerns we enumerated for Senator Tower in response to a similar question regarding disadvantages earlier in this testimony. We also addressed possible Navy concerns in the report we provided Senator Tower on May 3, 1982. The Secretary of the Navy's basic concern was that this consolidation would diminish the control the Navy currently exercises over sealift matters and ship acquisition, building and maintenance programs. We have assured him and this committee that this is not the case. The Commander, Military Transportation Command, will report to the Secretary of the Navy on all sealift and related matters. Navy control of these programs is fully preserved by the JCS proposal.

QUESTIONS SUBMITTED BY SENATOR HARRY F. BYRD, JR., OF VIRGINIA

Senator BYRD. Mr. Secretary, testimony was given that only 19 of the 140 MSC ships are involved in point-to-point dry cargo transportation and that the Navy wanted those ships to remain in the new Military Transportation Command.

Explain for the record what these other 121 ships do and why they should remain in the MTC.

ANSWER. These ships are involved in the transportation of petroleum products for all the military Services and the Strategic Petroleum Reserve; the storage and transport materiel in the Near Term Pre-positioned Force; transport of supplies for the Navy operating fleet; support of scientific missions; and in reserve status for support of contingencies. We consider all these missions to have one common element: MSC is operating and manning with civilians a ship that provides a service to one or more of the military Services or another government agency. The expertise for the operation of merchant ships and the manning of these ships and Navy ships with civilians resides in the Military Sealift Command. The Navy agreed that these ships should transfer to the Military Transportation Command and the Joint Chiefs of Staff concurred. The following is a breakdown by ship type and employment of the 121 ships:

Ship type	Number	Employment
Dry cargo	25	Near term prepositioning force (10) (includes 2 harbor tugs), fast sealift support (SL-7) (6), down range (missile) support (3), bulk coal (2) Diego Garcia Shuttle (1), exercise (1) Arctic/Antarctic supply (1), contingency reduced operational status (1).
Tanker	40	Point to point POL (28), strategic petroleum reserve (7), NTPF (5).
Naval Fleet Auxiliary Force	31	Oilers (13), fleet ocean tugs (7), cable repair (3), fleet ballistic missile (2), combat stores (2), ammo (1), fleet stores (1), undersea cable transporter (1), target towing (1).
Scientific support	25	Surveying (9), missile range instrumentation (5), oceanographic research (4), support vessels (4), underseas surveillance (2), navigation test support (1).

It is important to note that the 19 MSC ships employed in dry cargo point-to-point transportation handle about 25 percent of DoD peacetime cargo. The remaining 75 percent is transported in commercial, scheduled ocean carrier service. MSC negotiates the rates, terms and conditions of service for the movement of this cargo and MTMC handles the cargo booking and contract administration.

The principal peacetime and wartime mission and interface between MTMC and MSC is the management of DoD dry cargo moving in MSC controlled ships and commercial scheduled service. This interface expands dramatically in wartime to encompass the high volume of surface movements of DoD military forces and resupply cargoes. In a NATO war, MTMC/MSC would be required to jointly manage the employment of nearly the entire U.S. flag dry cargo fleet of approximately 300 ships and at least an equivalent number of NATO ships.

Senator BYRD. In recognition that the MAC is a presumed workable model for air operations, why isn't surface transportation treated as a commercial model, viz, a specified command assigned to the Navy.

Answer. Structuring MTC similar to a business model does not solve the fragmentation and interface problems. The proposed integration goes beyond any current model and establishes a single surface system with one commander using a single logic and supported by a single integrated ADP system.

The Army has traditional responsibilities for land support operations and is currently the single manager for land transportation, traffic management, ocean terminals and intermodal container management. The Army is also the predominant user of the surface line of communication. In peacetime, 64 percent of the cargo is Army-sponsored and, in wartime, this rises to approximately 90 percent. In other words, the Army and Navy have equal responsibilities and concerns in this command.

Specified commands are normally composed of forces from one Service. The Military Transportation Command includes significant forces from both the Army and Navy.

For these reasons, a unified command was selected over a specified command.

Senator BYRD. Secretary Carlucci, early argument indicated that economies and efficiencies would drive this MTC merger. Readiness is now the chief reason. Why has this change been effected?

ANSWER. We are not aware that we had earlier placed greater weight on economies and efficiencies rather than readiness with respect to the Military Transportation Command (MTC). Earlier consolidation proposals may have emphasized economies and efficiencies. The JCS took a fresh look at the transportation management problem, and they concluded that this command is essential to rapid deployment. We also see economies, but the major need is for readiness improvement.

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

Senator LEVIN. General Dalton, the mobilization exercises Nifty Nugget in 1978 and Proud Spirit in 1980 revealed significant shortcomings in our overall mobilization capability. One particular shortcoming revealed by the exercises was a need for better planning and management of traffic and transportation assets.

General Dalton, can you give specific examples of problems in the current operation of the transportation operating agencies uncovered by these exercises or that came to light in these exercises?

ANSWER. These are key experiences or lessons learned during Nifty Nugget (1978) and Proud Spirit (1980) that are related to transportation and traffic management functions of MTMC and MSC in a crisis/wartime environment.

1. The following observations stem from Nifty Nugget 1978:

The division of responsibilities between MSC and MTMC for management of the surface transportation system created coordination problems which inhibited responsiveness. For example:

MSC was holding ships waiting for cargo: MTMC was holding cargo waiting for ships. MSC and MTMC were not coordinating their efforts.

Reporting of ship and cargo movements to ports was inadequate.

Ammunition was waiting at ports for ships when ample ships were available.

There were uncertainties as to where to go for cargo loading information—MSC or MTMC.

MTMC and MSC do not have a direct reporting channel to the Joint Chiefs of Staff in a crisis. In one case, a critical MTMC response to the Joint Chiefs of Staff was delayed in Service channels for a number of days.

2. The following are from Proud Spirit 1980:

No single agency was able to view the total transportation system and accomplish the needed analysis required for efficient employment of all modes (surface and air) and facilities. For example:

MSC was simulating placing ships on berth at MTMC terminals without coordination.

MTMC was simulating loading ships at rates different from those reported by MSC.

There was an ad hoc attempt by MSC to establish an expanded container distribution system for ammunition without MTMC coordination.

Ships were mismatched to ports.

Additional problems occur in peacetime but are related to the wartime mission. They restrict timely response in the wartime planning system.

The war plan development cycle has an extra, unnecessary step in the analysis and refinement cycles since the surface system has two sequential participants.

There are two surface system interfaces for the joint deployment community (supported CINCs, supporting CINCs, Joint Chiefs of Staff, Services, JDA, TOAs, other defense agencies) when one would be more effective.

Senator LEVIN. How did the Military Traffic Management Command and the Military Sealift Command perform under the simulated conditions of these exercises?

ANSWER. Each command performed well in the exercise—but only within the context of the requirements of their respective Services. The key problem was coordination between the two commands. Poor coordination resulted from the complexities caused by two separate chains of command and no direct reporting line to the Joint Chiefs of Staff.

The planned integration and establishment of MTC eliminates the inter-Service and command coordination problem. Establishment of MTC will result in one surface system under one commander who will insure coordination between the land and sea modes. The results will flow directly to the Joint Chiefs of Staff and JDA.

Senator LEVIN. General Dalton, following the Nifty Nugget exercises in 1978, the Joint Deployment Agency was created by the Joint Chiefs of Staff to facilitate and coordinate mobilization and planning. There are some who feel that the Joint Deployment Agency was created to have the overall centralized visibility of surface transportation which you are claiming is now lacking.

What is the difference between the mission of the Joint Deployment Agency and the Military Transportation Command that you are proposing?

ANSWER. The Joint Deployment Agency is an agency of the Joint Chiefs of Staff for executing deployment of forces and material. As directed by the Joint Chiefs of Staff, the JDA is responsible for mobilization deployment planning and execution and will act as the focal point for deployment associated decisionmaking information. In peacetime, the JDA plans for wartime. In crisis or wartime, JDA coordinates deployments and resolves competing requirements for transportation.

The Military Transportation Command would provide or arrange surface transportation and associated support to deploy and sustain military forces in both wartime and peacetime. The MTC would be the surface transportation operator, and, along with MAC, provide the transportation capability to be coordinated by JDA in wartime and crisis. In addition, it will participate in the peacetime planning process.

Senator LEVIN. General Dalton, is the Joint Deployment Agency capable of performing the centralized transportation coordination function which Nifty Nugget demonstrated was necessary?

ANSWER. The Joint Chiefs of Staff and the JDA believe that the JDA can accomplish its mission as the JCS agency for wartime deployment transportation coordination with the additional authorities recently given it by the Joint Chiefs of Staff. JDA's capability to perform its mission was examined in Proud Spirit and the increased control mentioned in the critique of that exercise was recommended and implemented. JDA will be evaluated in future deployment exercises to determine its ongoing ability to effectively coordinate crisis and wartime deployments. The JDA will continue to provide deployment planning in peacetime. Peacetime transportation coordination, which occurs in a less time-sensitive

and asset restricted environment, will continue to be conducted by the transportation operating agencies. One issue that detracts from the ability of the JDA to perform centralized transportation coordination in wartime is the lack of viable ADP interfaces at MTMC and MSC.

Senator LEVIN. General Dalton, what is the penalty for not making the changes in surface transportation management you are proposing? Can you give us examples of any disadvantage in retaining the status quo of separate commands for MTMC and MSC?

ANSWER. The penalty for not making the changes proposed by the Joint Chiefs of Staff will be a continuation of a surface transportation system which is fragmented, suboptimized and could hinder deployment of forces and material when transitioning from peace to wartime operations and support of wartime operations. One example is the incompatibility of separately derived ADP systems which require additional processing time when planning movements or addressing mobility issues. A second example is the inherent problem of communications between the two commands, MTMC and MSC, both involved in the same movement. It is the fact that MTMC and MSC are separate commands, in separate Services, with a distant OSD as their common point in the chain of command.

Integration into a single command reporting to the Secretary of Defense through the Joint Chiefs of Staff would resolve this and insure single leadership in development of appropriate supporting systems and direction of operations.

RESERVATIONS ABOUT MTC

Senator LEVIN. Admiral Carroll, have the Navy's concerns been fully resolved in the proposal for the new Military Traffic Management Command?

As Commander of the Military Sealift Command, do you have any lingering reservations about this new command?

Admiral CARROLL. It is my understanding that some of Navy's concerns have been resolved, others have not.

Turning to my personal concerns as MSC Commander, as Deputy Secretary Carlucci and Lt. General Dalton pointed out in their testimony, the question of the commander and permanent funding arrangement are yet to be decided.

Until these questions are answered definitively, I will continue to have reservations as expressed previously in my testimony.

Senator LEVIN. General Dalton, what shortfalls presently exist in military and civilian sealift needed for each of our major wartime contingencies? What possible alternatives exist to remedy these shortfalls?

ANSWER. For any of our contingencies, our capability to deploy U.S. forces is restricted by the lack of early, properly positioned, military usable shipping, particularly roll-on/roll-off type vessels. This shortfall persists in both our military and civilian fleets. The alternatives to correct these shortfalls include purchase by the government for placement in the Ready Reserve Force and/or release back to industry, or by government subsidy to industry to build and operate such vessels with the understanding that they would be made available immediately in time of crisis. One alternative approach that has been used to offset the shortfall in our lift capability has been to pre-position equipment and supplies in various theaters. POMCUS is an example of such pre-positioning. However, this limits flexibility and cannot be used for contingencies in other theaters.

Senator LEVIN. Secretary Carlucci, I have a map furnished by your staff showing where the headquarters and major unit locations of MTMC and MSC are located. Could you provide a copy of this map for the record?

ANSWER. [See attached.]

HEADQUARTERS AND MAJOR UNIT LOCATIONS

Senator LEVIN. Mr. Secretary, the overlap between MTMC and MSC is striking. Will there be any significant shift of personnel or equipment as a result of the establishment of this new command?

ANSWER. No. The headquarters in the United States are already located in the same metropolitan areas and in some cases on the same military installation. In Europe, the MSC Headquarters is located in Bremerhaven and the MTMC Headquarters is located in Rotterdam. These will be consolidated in Rotterdam. We see no significant geographic shift of personnel or equipment.

Senator LEVIN. Secretary Carlucci, how were the cost savings of $10 million per year from this proposed consolidation calculated? How many military and civilian spaces are saved as a result of this proposal? Are there any savings other than from reduced personnel requirements? Were these savings assumed in the fiscal year 1983 budget?

ANSWER. The $10 million annual savings is based on an estimate made by Harbridge House, Inc., in their contract study of DOD transportation organization. They concluded that we could eliminate approximately 200 military and civilian personnel spaces and associated overhead by consolidating the MTMC and MSC headquarters in Washington; Oakland, California and Bayonne, New Jersey. These reductions could be achieved principally in the support areas where each command has offices performing like functions, i.e., comptroller, personnel, planning, procurement and management information systems. We believe the Harbridge House estimate is conservative since they did not consider potential consolidation savings in overseas activities and other field activities.

We also expect to realize a cost avoidance of $100 million over the next ten years through elimination of the requirement to develop and maintain a new management information system for the Military Sealift Command.

We plan to establish the Military Transportation Command early in fiscal year 1983 but we expect that slippage in the operational date and startup costs may preclude significant savings in fiscal year 1983. For these reasons, we have programmed $10 million in annual savings beginning in fiscal year 1984.

Chairman TOWER. If there are no further questions, then I think that brings the conclusion to this matter.

Mr. Secretary, I believe that concludes our business on this matter. Thank you very much.

Mr. CARLUCCI. Thank you, Mr. Chairman.

[Whereupon, at 11:10 a.m., the committee was adjourned, subject to call of the Chair.]